

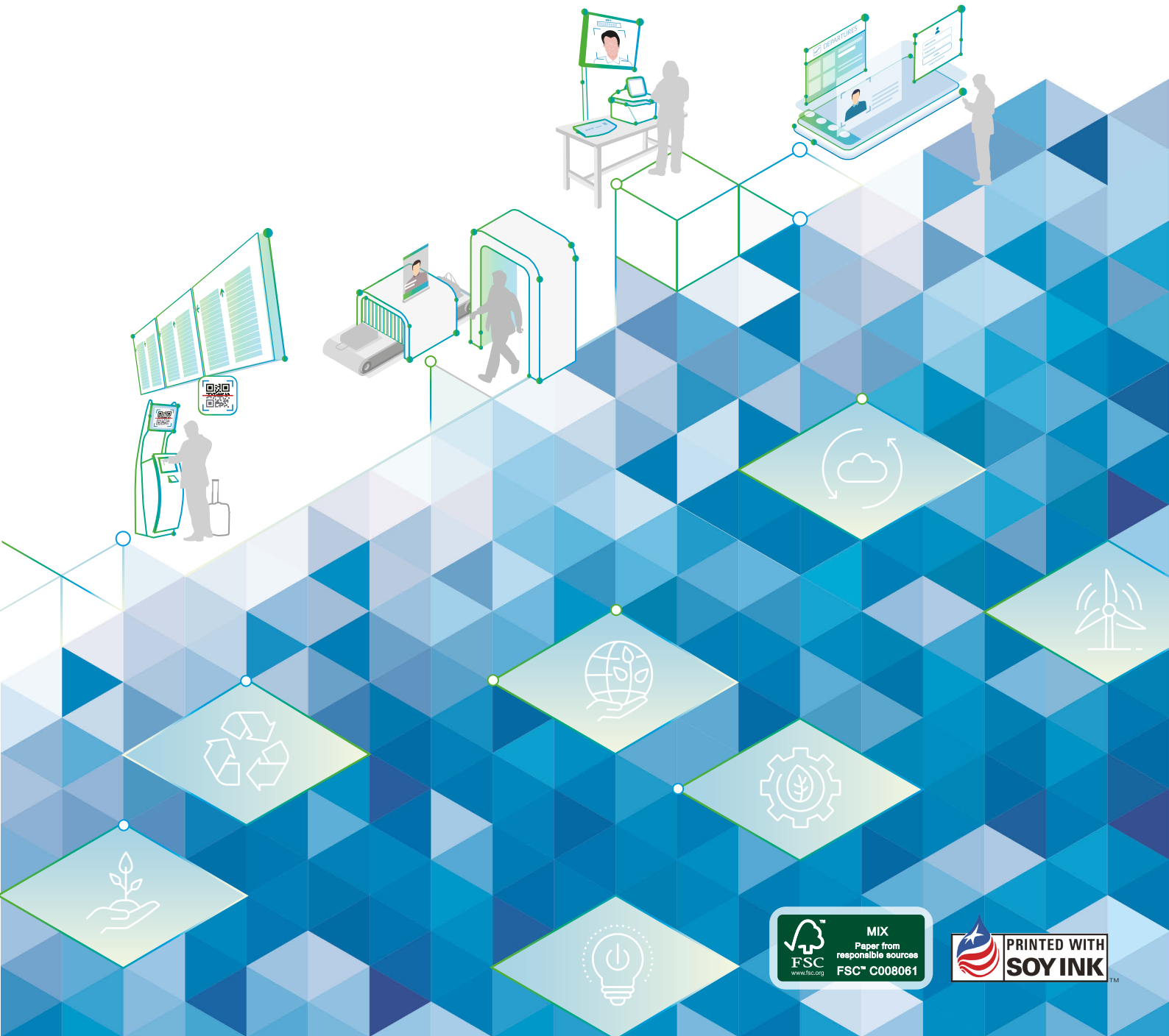


# 中國民航信息網絡股份有限公司 TravelSky Technology Limited

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

## 2020

### Environmental, Social and Governance Report



# ABOUT THIS REPORT

## REPORTING GUIDELINES

This Environmental, Social and Governance Report (hereinafter referred to as the “ESG Report” or “This Report”) is intended to provide information on the performance of environmental and social aspects of TravelSky Technology Limited (the “Company”, or together with its subsidiaries, the “Group” and “TravelSky”) during the fiscal year of 2020. This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) as contained in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Main Board Listing Rules”) issued by The Stock Exchange of Hong Kong Limited (HKEX) and the Guidelines to the Central State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities issued by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC). This Report has been reviewed and approved by the Board of Directors of the Group.

## REPORTING SCOPE

This Report covers the period from January 1, 2020 to December 31, 2020 (the reporting period), with some data for the preceding years. Unless otherwise specified, this Report covers the Company and its subsidiaries.

## REPORT STATEMENT

The Board of Directors is fully responsible for the strategies and reporting on environmental, social and governance issues of the Group. This Report is prepared in accordance with the four reporting principles of the Guide: materiality, quantitative, balance, and consistency. The Group determined the key disclosures of this Report through a materiality assessment and used the same statistical approach adopted in 2019 ESG Report to quantify the environmental and social performance. In this Report, the Group has disclosed information on all “comply or explain” provisions in the Guide. Amounts involved in this report are expressed in RMB unless otherwise stated. This Report is published in Traditional Chinese and English. For any discrepancy between the two versions, the traditional Chinese version shall prevail.

## CONTACT INFORMATION

This report is available on the HKEX news of The Stock Exchange of Hong Kong Ltd. ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the Company’s official website ([www.travelskyir.com](http://www.travelskyir.com)). Please click the option “Announcements” in the column of “Investor Relations” on our homepage to download the “Environmental, Social and Governance Report 2020”. If you have any comments on our ESG work or need a hard copy of the report, you can contact us by: [kcxzf@travelsky.com.cn](mailto:kcxzf@travelsky.com.cn).

Due to various objective conditions, the preparation of this report may not be entirely satisfactory. You are welcome to put forward your comments and suggestions by scanning the QR code below. The Company your comments and suggestions by scanning the QR code below. The Company will strive to improve the report in the future.



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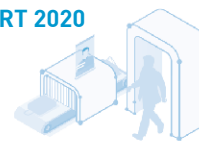
## A LETTER TO STAKEHOLDERS



In 2020, the global civil aviation industry suffered heavy losses due to the spread of the novel coronavirus pneumonia pandemic (COVID-19) which plunged the global economy into a deep recession. In the face of unprecedented difficulties, the Group rose to the challenge and worked together to respond to the State's plan for coordinating COVID-19 prevention and control with economic and social development in a timely manner, as well as the new circumstances, characteristics and tasks of corporate development. On the one hand, the Group coordinated the COVID-19 prevention and control with the resumption of work and production to achieve the goal that the Company was free from COVID-19 and no employee was infected. We researched and developed multiple civil aviation pandemic containment platforms to strongly support the joint prevention and control tasks, and fully guarantee the safe operation of the civil aviation passenger information system. On the other hand, the efforts were made to enhance scientific and technological innovation, reduce costs and increase efficiency, step up product development and market exploitation, intensify reform and management, in order to maintain the stability of the industry chain in civil aviation market. While the passenger volume of civil aviation dropped significantly and the industry was struggling, the Group made concerted efforts to achieve positive operating results for the year, and was awarded as a "model central SOE in fighting COVID-19" and the "20th Anniversary Strategic Partner" of IATA, etc.

In 2020, we attached great importance to ESG management. The Strategy and Investment Committee (Legal Compliance Committee) under the Board is responsible for the Group's sustainable development work. The Audit and Risk Management Committee is responsible for ESG risk management. By strengthening operation control, improve compliance management level, lay a solid foundation for sustainable development; Strengthen procurement management through intensive, standardized and information-based procurement to create an open, fair, transparent and honest supply chain.

■ **Cui Zhixiong**  
*Chairman*



## A Letter to Stakeholders

In 2020, we continued to consolidate the safety foundation, comprehensively promoted the modernization of the company's safety system and capabilities, and achieved overall stability of the safety situation throughout the year; We deepened technological innovation and industrial application, actively carried out technological exchanges and cooperation with the government, scientific research institutes, industry associations, enterprises and so on, and jointly promote the sustainable development of civil aviation industry; We have created a relatively rich product line of information technology services for the aviation tourism industry with powerful functions and favorable prices. The "Aviation Information Inquires" and "paperless" convenient customs clearance services have saved passengers an average of 7 minutes of waiting time. We also cared about our people, introduced new ways to fight poverty.

In 2020, we continued to pursue green development. We made independent innovations, and applied technologies for energy efficiency and conservation, and delicacy management to energy use, in order to reduce the emissions of greenhouse gases, sewage, and other harmful and harmless waste. We continued to promote green office, posted signs on energy conservation and emissions reduction in public areas, encouraged employees to save electricity, water and paper, and raised their awareness of environmental protection. We promoted IT application and paperless communication, Not only reduces its own resource consumption, but also helps the entire industry to save energy and reduce emissions, contributing to the realization of the goal of carbon peak and carbon neutral.

In 2021, we will celebrate the 20th listing anniversary of TravelSky Technology Limited. Over the past 20 years, the company has maintained steady business performance, with its total market value increasing to about 15 times, total assets to about 19 times, the accumulative cash dividend amounts to billions of yuan. In the complex and changing environment. TravelSky always adheres to the business philosophy of "putting safety first, winning customers with service, and creating value with information", sticking to technology enabling, ensuring system security, strengthening product construction, and striving to open up the market with business performance growing steadily and social responsibility continuing to assume, and explores a road of intensive development, centralized service and low-cost operation.

Looking into the future, we will follow the "1-2-3-3-4" development approach proposed by Civil Aviation Administration of China (CAAC), provide strong support for the high-quality development of civil aviation. Meanwhile we will create a sound ESG system, better manage ESG risks, and improve our ESG performance, to cement the foundation of corporate governance. Seize the hour, not the time. Let's seize the day, live it to the full and work together to build the Company into a main IT service provider in aviation and travel industry and a country-leading, world-class information service supplier.

**Cui Zhixiong**

*Chairman*

May 27, 2021



## ABOUT US

### COMPANY PROFILE

TravelSky Technology Limited is the dominant provider of information technology solutions for China's aviation and travel industry. The core businesses of the Company include aviation information technology service, distribution information technology service, accounting, settlement and clearing service for the aviation industry, etc. The Group has been devoted to developing leading products and services that satisfy the needs of all the industry participants – ranging from commercial airlines, airports, air travel products and services suppliers to travel agencies, corporate clients, travelers and cargo shippers – to conduct electronic transactions and manage travel-related information.

The Company was incorporated in the People's Republic of China (the "PRC" or "China") on October 18, 2000. Its H shares (stock code: 00696) were listed on The Stock Exchange of Hong Kong Limited on February 7, 2001. On December 27, 2002, the American depository shares under the Sponsored Level I American Depositary Receipt Programme established by the Company commenced trading on the U.S. over-the-counter market (OTC). The H shares of the Company have been added to the lists of MSCI Emerging Markets Index, Hang Seng Composite LargeCap & MidCap Index, Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect since 2015.

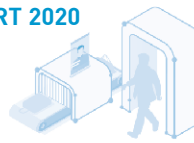
As of the date of this report, the largest shareholder of the Company is China TravelSky Holding Company Limited, which holds an equity interest of approximately 29.29% in the Company. A total of approximately 38.84% of the equity interest in the Company is held by 14 domestic shareholders, including China Mobile Capital Holding Co., Ltd., China National Aviation Holding Company Limited, China Southern Air Holding Company Limited and China Eastern Air Holding Company Limited. The remaining 31.87% of the equity interest in the Company is held by holders of its H shares.

As of December 31, 2020, the Group has more than 20 domestic subsidiaries in China, including Accounting Centre of China Aviation Limited Company (ACCA), Cares Shenzhen Co., Ltd., Civil Aviation Cares of Qingdao Ltd., etc. The Group has nearly 10 overseas wholly-owned subsidiaries in many countries and regions, including Hong Kong, Singapore, Korea, Japan, USA, ect.. Meanwhile, the Group holds equity interests in over 10 associates, including Shanghai Civil Aviation East China Cares System Integration Co., Ltd., Aviation Cares of Southwest Chengdu, Ltd., TravelSky Mobile Technology Limited, etc.

The Group had 7,156 employees as of December 31, 2020.

### BUSINESS OVERVIEW

As the leading provider of information technology solutions for China's aviation and travel industry, the Company stands at a core-sector along the value chain of China's aviation and travel service distribution. The Company has been devoted to serving the needs of all industry participants ranging from commercial airlines, airports, travel products and service providers, travel agencies, travel service distributors or agents, corporate clients, travelers and cargo shippers, as well as major international organisations such as International Air Transport Association ("IATA") and government bodies, with the scope of services covering the provision of critical information systems on flight control, air ticket distribution, check-in, boarding and load planning, accounting, settlement and clearing system, etc. With over four decades of tenacious research and development, the Company has built up a complete industry chain for aviation and travel information technology service, established a relatively comprehensive, competitively priced product line of aviation and travel information technology service with robust functionality,



aiming to help all industry participants to expand their business, improve service quality, minimise operational costs and enhance operational efficiency, and ultimately bring benefits to travelers.

- **Aviation information technology services**

The Company's aviation information technology ("AIT") services, which consist of a series of products and solutions, are provided to 41 Chinese commercial airlines and over 350 foreign and regional commercial airlines. The AIT services comprise electronic travel distribution ("ETD") services (including inventory control system ("ICS") services and computer reservation system ("CRS") services) and airport passenger processing system ("APP") services, as well as other extended information technology solutions related to the above core business, including but not limited to, product services to support aviation alliance, solutions for developing e-ticket and e-commerce, data service to support decisions of commercial airlines as well as information management system service to improve ground operational efficiency.

- **Accounting, settlement and clearing services**

The Group provided accounting, settlement and clearing services and information system development and support services to commercial airlines and other aviation corporations through Accounting Centre of China Aviation Limited Company ("ACCA"), a wholly-owned subsidiary of the Group. As the downstream business of the Group's principal activities in air travel service distribution and sales, the above business strongly strengthened the industry chain for the Group's information technology business in the air transportation and travel industry. Apart from being the world's largest service provider of IATA Billing and Settlement Plan (BSP) Data Processing, ACCA is also the largest provider of outsourced services and system products in settlement and clearing in the air transportation industry in China. Its major customers include domestic passenger and cargo airlines, overseas and regional commercial airlines, domestic airports, government organisations and IATA.

- **Distribution of information technology services**

The Group continued to improve the information technology of the travel distribution network and enriched sales content, with direct links and high-level networking to all Global Distribution Systems ("GDSs") around the world and 152 foreign and regional commercial airlines through SITA networks, covering over 400 domestic and overseas cities. The distribution network has reached 25 overseas countries and regions.

The Group quickened the construction of NDC, built and completed the NDC aggregation platform that supports the full-process sales of upstream and downstream NDC products. It achieved access to 8 commercial airlines in total. The travel business was connected to the corporate financial system so as to achieve a closed loop of the whole process and facilitate to realise full-process paperless. The branded fare product function of foreign airlines was developed, which enabled 3 foreign commercial airlines to display and sell through the WeChat channel. To accelerate the expansion of overseas sales network, the Group joined the neutral Billing and Settlement Plan (BSP) of 14 countries including France and Italy.

- **Airport information technology services**

In practicing the concept of caring service, the Group continued to enhance research and development and promotion of airport information technology services and products, while securing the market share of the traditional departure front-end services and products, and established a full coverage product mode from airport operation to full-process passenger services, and thus became the major provider of overall solutions for smart airports in China's civil aviation industry. The Group actively participated in



## About Us

the formulation of industry standards and helped the construction of airports with four characteristics of “safety”, “green”, “smart” and “humanity”. The airport coordination decision-making system (A-CDM) products continuously increased the market share in airports with over ten million of annual passengers, with the users reaching 12. All the airports with the A-CDM products put into operation reached the A-class standard of civil aviation. Products of “facial recognition & ID authentication” for security inspection were promoted to 213 airports. Face boarding projects were launched in 21 airports and the users reached 32. The One ID passenger service platform was built with full-process biological recognition, and deployed in Guangzhou, Shenzhen and other airports. “Baggage Travel” has actively responded to the needs of airport users, and completed the construction of baggage tracking system at large hub airport terminals such as Shanghai Hongqiao, Shenzhen, Kunming, Zhengzhou, etc. The departure front-end system of the new-generation APP dominated China’s large and medium-sized airports and assisted commercial airlines in providing various services for passengers, such as boarding, transiting and connecting, in 161 overseas or regional airports. The number of departure passengers receiving such services reached approximately 6 million, accounting for approximately 89% of the number of passengers returning from overseas of such commercial airlines in China.

- **Air freight logistics information technology services**

The Group continued to consolidate its leading position in the logistics information service market of cargo terminals among domestic airports, and comprehensively promoted products such as cargo terminal production system, cargo security inspection system, cargo ground operation service management system and airport ground logistics platform. The Group successfully signed contracts with 20 cargo terminals, and accelerated the promotion of electronic waybill business of civil aviation logistics, with a steady growth on electronic waybills achieved.

- **Public information technology services**

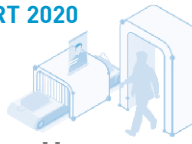
With an emphasis on governmental authorities, central state-owned enterprises, financial and internet enterprises, the Group continued to advance the research and development and promotion of public information technology service products, extended contracts with China Galaxy Securities Company Limited, China United Network Communications Corporation Limited and other long-term clients, and successfully undertook the top national nodes for the industrial Internet identification analysis (工業互聯網標識解析國家頂級節點) (Beijing). The Group provided proprietary cloud and mixed cloud services for enterprises and public institutions. The Group expanded data intelligent services in cultural tourism, insurance and finance, and landed the project of visualised integration of cultural and tourism content of destinations in Henan and Ningxia. The Group continued to make efforts to expand the information technology services market for general aviation. The number of general aviation companies and airports using the general aviation system has exceeded 80. The Group opened the anti-Epidemic rescue service platform for general aviation and assisted in scientific anti-Epidemic.

- **Infrastructure**

The Group’s infrastructure serves the sustainable development of its business, the objectives of which are to ensure safety in production, satisfy the needs of business development, and strive to realize the safety, efficiency and low consumption of infrastructure by making full use of existing technologies, and commercial and management instruments, so as to achieve the sustainable development of business.

In 2020, the Group actively fulfilled social responsibilities, gave full play to its own advantages, and worked hard to improve quality and efficiency, as a way to provide strong technical support and service guarantee for scientific and technological anti-Epidemic and resumption of work and production. On the





one hand, the Group made every effort to ensure the stability of ICS, CRS, APP, and core open systems, and realised 7×24-hour timely response of technology and commercial services to escort the peak of passenger refund due to the Epidemic, as a way to assist in joint prevention and control of the Epidemic. The Group successfully completed the safe operation of the civil aviation passenger information system during the Chinese Spring Festival travel rush, the National People's Congress and Chinese People's Political Consultative Conference sessions, the National Day Golden Week and the China International Import Expo. On the other hand, the Group increased its efforts in basic platforms and core systems to further consolidate the safety foundation. The construction of the dual-mode infrastructure cloud platform steadily advanced, and the scope of its application was gradually expanded. The construction of disaster recovery system was continuously promoted, with commencement of the data-level disaster backup and synchronisation of core business. Both of the full-link monitoring capability and the safety level of the departure system were enhanced. Energy-saving and consumption-reducing transformation was promoted to build a green data centre and reduce operating costs.

## CORPORATE CULTURE

- **Development vision**

To become the main IT service provider in aviation and tourism industry and a country-leading, world-class information service provider

- **Development strategy**

Consolidating principal business while diversifying the business portfolio

- **Development approach**

Building platforms, pooling data and nurturing the industry ecosystem

- **Core values**

Putting people first, strengthening the safety foundation, building trust with services, and driving long-term development through innovation

- **Business philosophy**

Putting safety first  
 Winning customers with service  
 Creating values with information

- **Code of conduct**

Striving for self-improvement through innovation and creativity  
 Shouldering responsibilities to make a difference  
 Working with stakeholders for win-win results  
 Taking a down-to-earth approach to improve quality and efficiency



## FEATURE 1: STRIVING FOR 20 YEARS AND DETERMINING TO MOVE FORWARD

TravelSky was listed in Hong Kong in 2001. Taking this as an opportunity, the Group keeps in mind the mission of forging ahead to become a leading information service provider in China, and the main IT service provider in aviation and travel industry, leaving an impressive mark in the development of China's civil aviation industry, and contributing significantly to IT-enabled economic and social development and building China into a civil aviation powerhouse.

### TWO DECADES OF SHEER ENDEAVOR

In 2001, the Company's H shares were successfully listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 00696.HK) with an issue price of HKD4.10 per share and a market value of approximately HKD3.6 billion.

In 2003, the Company completed the construction project of the airport passenger processing system (APP) for the top 100 domestic airports in terms of passengers.

In 2004, ETD system processing capacity exceeded 100 million passengers.

In 2007, to provide civil aviation passenger information security services for the Beijing Olympic Games, the Company expanded mainframe and opened platform resources, built mainframe and opened backup system, and improved the new-generation airport passenger processing front end system (NewAPP).

In 2008, TravelSky Technology Limited was the first in the world to realize the electronic application of 100% of airline tickets and was granted "Simplified Business Strategic Partner Global Outstanding Contribution Award by International Air Transport Association ("IATA")". All registered capital and properties of ACCA are acquired.

In 2009, ACCA became the world's largest Billing and Settlement Plan Data Processing center.

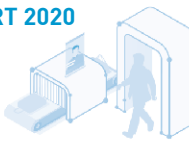
In 2011, ETD system processing capacity exceeded 300 million passengers. -A mobile Internet- oriented mobile application, "Umetrip" was independently researched and developed.

From 2015 to 2016, the H shares of the Company were added to the lists of MSCI Emerging Markets Index, Hang Seng Composite LargeCap & MidCap Index, Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

In 2015, the Company obtained the first batch of national operation and maintenance qualification certificate-Level 1.

In 2016, ETD system processing capacity exceeded 500 million passengers.

In 2017, the development of the new-generation passenger service information system was completed and the new data centre in Shunyi, Beijing, was gradually put into use.



## Feature 1: Striving for 20 Years and Determining to Move Forward

In 2019, the Company obtained the certificate for “Important Software Enterprise under the National Planning Layout for 14 consecutive years. The “Aggregator” (聚合) platform based on new distribution capability (NDC) was awarded the highest NDC level 4 certification by IATA. – ETD system daily processing capacity approached 700 million passengers and ranked third in the world for 3 consecutive years in terms of system processing capacity.

In 2020, The Company was certified as a “High and New Technology Enterprise” for 20 consecutive years. The Company was granted “20th Anniversary Partner Award” by IATA. The former wholly-owned subsidiary of the Company, TravelSky Mobile Technology Limited (now as associated company which provides service with mobile application, “Umetrip” as major product) completed mixed-ownership reform and employee stock ownership plan. Our self-developed platform, “Baggage Travel” was recognized as the public information platform of the full-process baggage tracking system of civil aviation of China by CAAC.

On February 7, 2021, the Company has been listed for 20 years, and the market value exceeded HKD50 billion.

## ACHIEVEMENTS BUILT ON A SOLID FOUNDATION

In the past 20 years since its IPO, as the only central SOE providing information services under the SASAC, TravelSky has remained true to its business philosophy of “putting information security first, winning customers with services, and creating values with information” in a complicated and ever-changing environment. We strengthen the empowering role of technologies, work to ensure system security, step up product R&D, and strive to expand markets and steadily enhance business performance and CSR performance.

### Honors

- Top-choice supplier of information services in China’s aviation and travel industry.
- Top 10 Innovative Software Enterprises of China.
- Top 500 High-Growth High-Tech Enterprises of Asia Pacific Region.
- State Key Software Enterprise and Certified High-Tech Enterprise.

### • Forging ahead with innovation and R&D

Positioned to be the main provider of intelligent technologies to China’s aviation and travel industry, TravelSky strives to create value for intelligent civil aviation, promote intelligent civil aviation and intelligent travel through continuous innovation, maximize the industry’s service capacity, and benefit passengers with high technology. While stimulating the development of the aviation and travel industry, TravelSky has grown into the world’s only large-scale commercial civil-aviation information system network that operates independently and maintains sustainable development in a developing country. We have connected with major overseas distribution systems, with the travel distribution network covering more than 400 cities at home and abroad, ranking among the top three global distribution systems (GDS).



## Feature 1: Striving for 20 Years and Determining to Move Forward

By the end of 2020,

- More than 100 S&T research projects were organized.
- TravelSky received 2 prizes of National S&T Progress Award and 41 prizes of Civil Aviation S&T Award.
- TravelSky helped develop 5 national standards and 42 industry standards.
- TravelSky had filed for more than 580 patent applications and were granted more than 80 patents.
- TravelSky had registered more than 1,000 copyrights.

### • Working relentlessly to safeguard information security

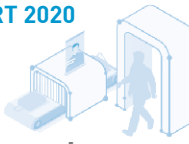
The civil aviation information system operated by TravelSky is at the core of the civil aviation industry chain, and the cornerstone for ensuring safe passenger travel, orderly development of the industry and transportation safety. Bearing this in mind, the Group continues to work on information security and has put in place a four-level backup system for departures since 2001. To meet the needs of the future development of China's civil aviation industry and higher requirements for the security of important information systems, TravelSky has opened new data centers equipped with off-site disaster preparedness centers in recent years, and reached a new high in system operation support, operation center registration, scale, and factor of safety. The Company is among the first to receive China's first-level operation and maintenance qualification certificate.

### • Creating value for customers

Over the past 20 years, TravelSky has concentrated on developing the core business of aviation information technology services, distribution information technology services, airport information technology services, aviation clearing and settlement services. TravelSky helped China achieve 100% in the use of electronic air tickets in 2008, the first in the world, and then completed the development of the APP system for the top 100 domestic airports in terms of throughput. We have also launched a series of solutions for self-service check-in, self-service document scanning, self-service baggage check-in, self-service boarding, and self-service baggage inquiry to realize whole-process self-service travel, and was granted "Simplified Business Strategic Partner Global Outstanding Contribution Award and 20-Year Strategic Partner Award by International Air Transport Association ("IATA"). The Group has been devoted to developing leading products and services that satisfy the needs of all the industry participants – ranging from commercial airlines, airports, air travel products and services suppliers to travel agencies, corporate clients, travelers and cargo shippers – to conduct electronic transactions and manage travel-related information.

By the end of 2020,

We had provided aviation information technology services to 41 Chinese commercial airlines, more than 350 foreign and regional commercial airlines, and airport information technology services to more than 230 domestic airports and more than 100 overseas airports.



## Feature 1: Striving for 20 Years and Determining to Move Forward

- **Putting people first to seek common development**

TravelSky regards human resources as its most important asset. We constantly explore the optimal way of human resources management and development, strengthen human resources, stimulate employees' initiative and creativity, and allow them to grow together with the Company and jointly create social benefits.

### Honors

- The Best Graduates Talent Development Award.
- 2017 Human Resources Management Excellence Award.

- **Protecting the environment for the harmonious co-existence with nature**

TravelSky is committed to sustainable development and continues practices to protect the environment. The "Aviation Information Inquires" system enables whole-process "paperless" convenient customs clearance services, saving each passenger 7 minutes in waiting time on average. Our independently-developed "Baggage Travel" platform is certified by CAAC as the public information platform for civil aviation baggage tracking system. The electronic-document solution, empowered by face recognition and other artificial intelligence technologies, can effectively enhance airport security and service efficiency, speed up the civil aviation e-ticket and e-customs clearance process, and thus help save energy and reduce emissions. The Group also promotes green operations, green office, and green culture inside, and works to minimize its environmental impact and protect the Planet Earth.

Between 2016-2020,

The "Aviation Information Inquires" system provided whole-process "paperless" convenient customs clearance services to more than 500 million passengers, reducing about 7,500 tons of carbon emissions.



## Feature 1: Striving for 20 Years and Determining to Move Forward

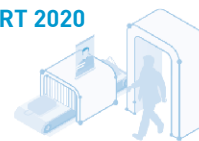
- **Creating a better community for all**

In the past 20 years since its IPO, TravelSky has been making use of its technological advantages to fulfill its CSR as a central SOE in various ways. In 2003, in response to the SARS outbreak, we wasted no time to develop an inbound and outbound passenger information system for airports to help locate and trace high-risk passengers. Before the Beijing 2008 Olympic Games, we spent nearly RMB600 million upgrading the system network, to ensure its safe and normal operation during the Games. In 2020, when China was deep in the COVID-19 epidemic, we coordinated efforts to contain the spread of the coronavirus and resume business activities at the same time, and managed to keep the virus outside the Company, with zero infection among employees. The technology and business support teams worked around the clock to respond to clients' requests and concerns and develop solutions to help commercial airlines cope with the mass ticket cancellation. We also developed several platforms to support joint epidemic prevention and control, and made every effort to ensure the safe operation of the air passenger information system. We were rated as a model central SOE in fighting the COVID-19.

In addition, we shipped several batches of protective equipment to Shenchu County, Shanxi Province, and once the epidemic was largely under control in China, immediately visited Shenchu to discuss with the county government new approaches to rural revitalization. In the past six years, we have launched 55 projects in 12 areas in Shenchu under a model featuring cooperation between e-commerce platforms, first secretaries, and farmers, to match local farmers with market demands. By the end of 2020, Shenchu's incidence of poverty had dropped from 38.3% in 2014 to zero.

### Performance

- We helped Shenchu get out of poverty.
- Our anti-poverty projects had benefited more than 14,300 poor people.



## FEATURE 2: EMPOWERING COVID-19 RESPONSE WITH TECHNOLOGIES

After the COVID-19 broke out in early 2020, the Company gave high priority to ensuring the health and safety of employees, workplace safety, and fulfilling the tasks of joint prevention and control. We gave full play to our superior information technology as a civil aviation high-tech enterprise to serve the national coordinated efforts in epidemic control, and shared the weal and woe with the battered civil aviation industry, playing our part in the fight against COVID-19.

### PROMPTLY MAKING AND IMPLEMENTING ARRANGEMENTS

In the face of the sudden outbreak of COVID-19, the Company followed government requirements, and immediately set up the epidemic response leading group and working group, deployed and fully implemented prevention and control measures. We acted resolutely upon the decisions and deployments made by the CPC Central Committee, the State Council and regulatory authorities at all levels, continued to update the prevention and control means and methods in light of the actual epidemic situation, and adopted a science-based, targeted approach to containing the spread of the virus.

Highly responsible for its business and workforce, the Company demanded and ensured effective implementation of anti-coronavirus responsibilities, and made every effort to ensure normal business operation and protect the health of employees. We saw to it that all decisions and plans for epidemic prevention and control were put into effect effectively, and that production was resumed at the same time. We have managed to “keep the COVID-19 outside the Company and employees safe from infection”.

### USING EXPERTISE TO FIGHT AGAINST COVID-19

- **Employing technology and customer services to cope with the peak of air ticket cancellation**

On January 23, 2020, the CAAC issued the *Supplementary Circular on Waiving Fee for Cancellation of Air Tickets*; on January 25, travel operators across the country suspended group tours. Then many domestic and international flights were cancelled by domestic and foreign airlines. The ensuing surge in ticket cancellations brought tremendous pressure to airlines and air-ticket sellers.

As the forerunner in the e-ticket market and a professional service provider for air-ticket-sales customers, the Company sent a letter to 42 airlines, promising to provide continuous customer services for them, and that our customer representatives and functional heads would be available 24 hours a day to provide technical support for handling ticket cancellations.

Following the CAAC’s decisions on January 23 and 27 on waiving the fee for ticket cancellations and helping airlines handle cancellation applications, the Company designed and developed an automated verification system for ticket refunding, and put it into use at 26 airlines. The system could process thousands of applications per hour for each airline and automatically check and approve eligible applications, thus greatly reducing the workload and greatly improving the work efficiency of airlines.

The surge in cancellation drove up the demand for settlement business. In just a few working days, ACCA developed, tested and launched such functions as automatic audit in response to the CAAC’s latest policy, automatic audit in response to airlines’ latest policy, and automatic audit in response to COVID-19. It also enabled airlines’ settlement department to forecast the amount of refund, rapidly review refund applications and make payments in real time, greatly alleviating the airlines’ workload and pressure.



## Feature 2: Empowering COVID-19 Response with Technologies

From January 24 to February 5, 2020, Beijing Yake Technology Development Co. Ltd assisted airlines' settlement departments handle the refund, and launched ticket cancellation and refund services for more than 80 customers including Ctrip, Qunar and Fliggy (online travel platforms), in addition to advance settlement for them.

In addition, the Company assigned dedicated personnel to provide round-the-clock remote support to foreign airlines, stay in touch with foreign airlines and airports, and ensure the networks and systems were in good shape so that they could be put to work whenever the flight routes were re-opened.



▲ The ticket-cancellation response taskforce is assisting airlines in reviewing ticket-cancellation requests

- **Opening an information support green channel for science-based, targeted policy making and social governance**

To meet the need of the government needs for epidemic analysis and control, the Company opened a "green channel" for information support based on efficient collaboration between the customer service team and the technology team. Despite the high demand on manpower to cope with the Spring Festival travel rush, we allocated more than 20% of the personnel to support this initiative.

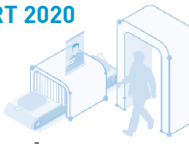
From January 22, the demand for information support began to explode. Considering the urgent demand for highly individualized data, we set up a taskforce composed of Party members, three times of the original working group, which worked in three shifts a day to provide accurate data needed as fast as possible and meet all data inquiries.

- **Bettering the process of re-scheduling key flights, and making every effort to ensure the smooth delivery of urgently needed medical supplies**

In the darkest days of the epidemic at home, many foreign airlines suspended or cut flights bounded to China. Meanwhile Chinese companies, organizations and individuals overseas sourced a lot of anti-epidemic materials which were urgently shipped to China by domestic airlines.

The Company played an active role in the relief effort by prioritizing services for such flights. On February 3, we received an urgent notice from an airline that two of its international flights were converted from the transport of passengers and general cargo to the transport of essential supplies. We responded immediately and organized personnel to assist in flight re-scheduling. The change to the flight information was done manually on the spot, instead of the one-day advance declaration required before the epidemic. In just 30 minutes, data about the terminal, route and flight were added into the system, and the modification process completed, facilitating the shipment of urgently-needed supplies from overseas.





## Feature 2: Empowering COVID-19 Response with Technologies

- **All departments and subsidiaries play their roles to meet special needs for epidemic response**

Facing diversified needs of customers, the Company urged subsidiaries to support and meet the urgent needs of local airlines, airports, air-ticket sellers and other civil aviation units.

For example, in response to Ningbo Airport's demand for a better security check information system to identify passengers from a specific region, Shanghai Civil Aviation East China Cares System Integration Co., Ltd. upgraded the airport's self-service security check, manual security check, boarding re-check information systems in one hour, enabling it to identify all passengers from the epidemic-hit areas more quickly and accurately, and guide them to receive special checks. To provide sound online services for airports nationwide, Shenyang Civil Aviation Northeast China Cares System Integration Co., Ltd. leveraged the key role of the "Airport Travel" national shared service platform for airport passengers by connecting airports in need to the platform's COVID-19 flight query module.

Zhejiang Civil Aviation Information Technology Co., Ltd helped five airports in its service region launch the function of epidemic status inquiry on their respective official account on WeChat in one day. Shortly after the CAAC announced the policy of waiving the fees for ticket cancellation, Hainan Civil Aviation Cares System Integration Co., Ltd. worked nonstop for 17 hours to help Hainan Airlines and Grand China Air complete the code revision, system testing and launch for free ticket-cancellation service.

### **WORKING ON THE FRONTLINE TO ENSURE NORMAL OPERATION IN THE DEPTH OF COVID-19**

To reduce the risk of infection for on-duty personnel working in departures rooms in airports in Wuhan and other hard-hit areas, and ensure the stable operation of the civil aviation information system, six technical workers of Hubei Civil Aviation Cares System Integration Co., Ltd. volunteered to give up their opportunity for family reunion and worked in shifts around-the-clock for other staff during the Spring Festival holiday.

Heroes in harm's way, these six workers accomplished the task of reducing flights to and from Wuhan, thus maintaining high-standard operation of airports in Hubei Province; they supported Wuhan Airport in handling the returning chartered flights carrying tourists from overseas, chartered flights carrying medical teams and supplies; they provided information needed to Wuhan City COVID-19 Prevention and Control Command Center. They did all the above to secure the zero-safety accident at workplace and zero infection among them.



## CONTRIBUTING ECOLOGICAL VALUE BY GREEN DEVELOPMENT

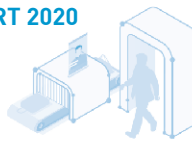
The Group strictly implements national policies and regulations on promoting green development and environmental protection, actively constructs a green and sustainable development model, and carries out diverse awareness activities on environmental protection. We incorporate the concept and practice of sustainable development into all aspects of corporate operations, and work to improve the resources and energy efficiency, with a view to minimizing our environmental impact and sustaining a world of “lucid waters and lush mountains”.

### ENVIRONMENTAL MANAGEMENT

During the reporting period, the Group strictly complied with the *Environmental Protection Law*, *Energy Conservation Law*, *Environmental Noise Pollution Prevention and Control Law*, *Air Pollution Prevention and Control Law*, *Water Law*, *Law on the Prevention and Control of Environmental Pollution by Solid Waste*, *the Administrative Regulations on the Recycling and Disposal of Waste Electrical and Electronic Products*, and other relevant laws and regional regulations in China. The environmental management system is constantly improved to meet the targets of environmental protection, energy conservation and emissions reduction.

The Group has no significant impact on the environment and natural resources in its operations. To cope with the impact of climate change on business operation, the Group strictly abides by laws and local regulations on environmental protection, and continuously improves the environmental management system. Administrative measures on energy conservation and environmental protection are introduced, and the content and mechanism of comprehensive oversight on energy conservation and environmental protection tasks clarified. The Group management directly deploys the work related to energy conservation and environmental protection and continues to implement the accountability system. A leading group for energy conservation and emission reduction is formed to take charge of the Group’s energy conservation and environmental protection work. In daily operations, the tasks and targets of energy conservation and environmental protection are broken down and assigned to responsible administrative and business departments.

In 2020, the Group actively implemented relevant national policies and requirements, strengthened our own emissions management systems and measures for greenhouse gases, harmful and harmless wastes and domestic sewage. We particularly monitored, measured and managed the consumption of energy and resources and the discharge of wastewater, and improved the ability of addressing environmental risks. During the reporting period, the Group did not receive any matters in violation of relevant laws and regulations.



## Contributing Ecological Value by Green Development

To manage and reduce the emissions in a more targeted manner, the Group strictly follows the following methods in the treatment and disposal of the above-mentioned pollutants:

Emissions	The Group acts in strict accordance with national and Beijing municipal standards and requirements on the emission of air pollutants, and the requirements formulated by the internal technology team. The emission of air pollutants, kitchen fume and sewage are regularly tested to make sure that it meets the mandatory standards. If any abnormality is detected, corrections will be made immediately.
Natural gas	Based on the operation data of previous years and the change in air temperature, we optimize the boiler operating mechanism of the park in the heating season, and set the operating mode with the main boiler working while the auxiliary boiler standby. The on and off threshold of boilers is also reasonably set, to ensure that the supply/return water temperature is kept in the optimal range. We set the temperature of secondary return water at each heat exchange station to reduce heat supply in unoccupied areas while ensuring the normal operation of heating facilities, thereby saving energy consumption.
Office electricity	Efforts are stepped up to save daily energy use, and cut unnecessary office appliances and non-office energy use. Without affecting the normal operation of office work, we reduce load of office lights as appropriate. The floodlighting and landscape lighting in the public area of the park are adjusted according to the daily sunset time in different seasons to reduce the lighting hours. In summer, the air-conditioners are set at 26 °C, and the air supply temperature of makeup air units is also adjusted at the same time. When the air conditioners are on, close windows to reduce energy consumption.
Harmful and harmless waste	In strict accordance with Beijing Municipal Regulations on the Management of Domestic Waste promulgated and put into effect in 2020, the Group sorts domestic waste generated in the industrial park before transporting it away. We have contracted a local domestic-waste transport company in Shunyi to clear the park's domestic waste on a daily basis and transport it to the government-designated Yangzhen Recycling Station. Scrapped electronic equipment such as computers, servers and computer screens are handed over to a licensed recycler of electronic products and scrap metals for sorting and recycling.
Domestic sewage	Domestic sewage generated by business operation is transported to the local municipal authority or a licensed third party via the municipal pipeline for centralized treatment.



## Contributing Ecological Value by Green Development

### GREEN OPERATIONS

The Group pursues green development in daily operations. Various methods are taken to improve the energy and resources efficiency, and management and technological means have been strengthened to reduce the emissions of greenhouse gas, sewage, harmful and harmless waste. In 2020, while guaranteeing workplace safety, the Group continued to improve energy efficiency and reduce energy consumption through scientific and technological research and development, applying high-efficient energy-saving technologies, and implementing targeted energy-use management. In addition, the Group's business does not involve the use of packaging materials.

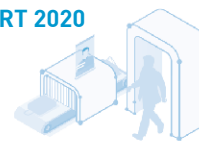
In the reporting period, the Group's main emissions include:

1. Greenhouse gas emitted by energy use.
2. Discarded office supplies and scrapped electronic devices.
3. Domestic sewage.

The data of various emissions of the Group during the reporting period are as follows:

Item	2020	Unit
<b>Emission of greenhouse gas (Scope 1 and Scope 2)</b>		
Emission by vehicles (Scope 1)	605.1	ton
Emission by electricity consumption (Scope 2)	33,429.7	ton
Emission by purchased heat consumption (Scope 2)	693.1	ton
Total greenhouse gas emission	34,727.9	ton
Intensity of total greenhouse gas emission	0.06	ton/RMB10,000 of income
<b>Water consumption</b>		
Consumption of tap water	90,667	ton
Consumption of water from own wells	108,215	ton
Consumption of reclaimed water	144,529	ton
<b>Discharge of non-hazardous waste</b>		
Discharge of domestic waste of office	571.6	ton
Discharge of food waste	100	ton
Intensity of the discharge of non-hazardous waste	0.001	ton/RMB10,000 of income
<b>Discharge of hazardous waste</b>		
Discharge of hazardous waste	2,830	piece
Intensity of the discharge of hazardous waste	0.005	piece/RMB10,000 of income

\* In order to ensure the uniformity of the data, approximate calculation is made for the data here



## Contributing Ecological Value by Green Development

### Case: Launching an awareness campaign against food waste

To strictly and effectively stop food waste, the Group responded immediately and demanded all departments and subsidiaries to carry out relevant work themed on promoting frugality and combating waste, formulate concrete implementation plans, and strengthen supervision and inspection, ensuring that these plans are truly and effectively implemented. At the same time, the Group organized an internal awareness campaign. Themed banners and posters were posted and video clips aired to raise employees' awareness of food waste, solicit their support for and engage them in fighting food waste.



▲ Signs put up in public areas on energy conservation and emissions reduction

## INCREASING ENERGY EFFICIENCY

To improve energy efficiency, the Group continues to promote green office in daily work, puts up signs themed on energy conservation and emission reduction in public areas, and encourage employees to save electricity, water, paper, etc., gradually raising their awareness of environmental protection. We vigorously promote the application of information technology to realize paperless communication and thus reduce the consumption of resources and improve operational efficiency. Most of our water consumption is for household purpose. At the same time, the Group's place of operation does not cover areas where water resources are scarce, and does not involve the issue of suitable water source accessibility, so relevant information disclosures are not applicable. We pay attention to our own resource usage management in daily operations and office work, and save resources from daily operations.

The following table demonstrates the data of resources usage during the reporting period:

Item	2020	Unit
Use of resources		
Consumption of electricity	55,048,398.6	kWh
Intensity of electricity consumption	100.35	kWh/RMB10,000 of income
Consumption of gasoline (vehicle)	266,994.7	L
Intensity of the consumption of gasoline (vehicle)	1,112.48	L/vehicle
Consumption of natural gas	2,051,949	m <sup>3</sup>
Intensity of the consumption of natural gas	3.74	m <sup>3</sup> /RMB10,000 of income
Consumption of purchased heat	6301.1	GJ
Intensity of the consumption of purchased heat	0.01	GJ/RMB10,000 of income
Consumption of diesel	55.1	ton
Total consumption of water	343,411	ton
Intensity of the total consumption of water	0.63	ton/RMB10,000 of income

\* In order to ensure the uniformity of the data, approximate calculation is made for the data here.



## Contributing Ecological Value by Green Development

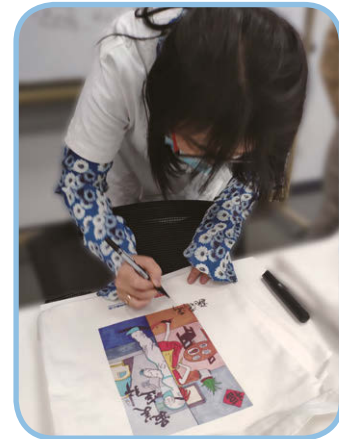
### Case: Beijing TravelSky Technology Limited takes a multi-pronged approach to improving the office environment

To mark the May 4 Youth Day and the international environmental protection festival, Beijing TravelSky Technology Limited launched a do-it-yourself cloth-tote-bag design competition, under three themes: combating COVID-19, the May 4 Youth Day, and environmental protection.

It solicited hand-painted designs of eco-friendly cloth tote bags, produced the tote bags and distributed them to all staff, calling for replacing plastic bags with more eco-friendly handbags so as to create a healthy, green, environmentally friendly and hygienic office environment. At the same time, it mobilized employees to take care of the plants in the park voluntarily. A plant care taskforce has been formed, led by the company leadership, where departmental managers are charged with the execution of the plant care duties.



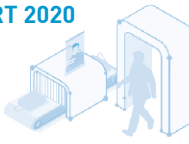
▲ Volunteers take care of the trees in the park



▲ Hand-painting a cloth tote bag

### Case: Strengthening shuttle bus management to provide commuting services for employees

To ensure well-regulated, compliant use of company-finance vehicles and provide commuting services for the staff, the Group makes full use of existing resources and ensures that supporting measures are fully implemented. The Group strictly regulates the use of company-financed vehicles. We have set up a mechanism to register the weekly shuttle demand of each resident company in the park until the COVID-19 epidemic receded, and work to ensure that the demand data is up-to-date and accurate, so as to reduce resource consumption and improve management. By the end of December 2020, more than 5,700 shuttle bus trips (round trips) have been completed, transporting about 316,300 passengers, while the shuttle bus expenditure was about 38% lower than that in 2019.



# CREATING SOCIAL VALUE THROUGH INNOVATION

Committed to the development oriented towards independent technology research and development, the Group takes on the mission of developing civil aviation information technology. We seek innovation in business, technology and services, and support the safe and rapid development of China's aviation and travel industry. We share our development fruits with the staff and local communities, and contribute to building China into a civil aviation power and creating a better life for all.

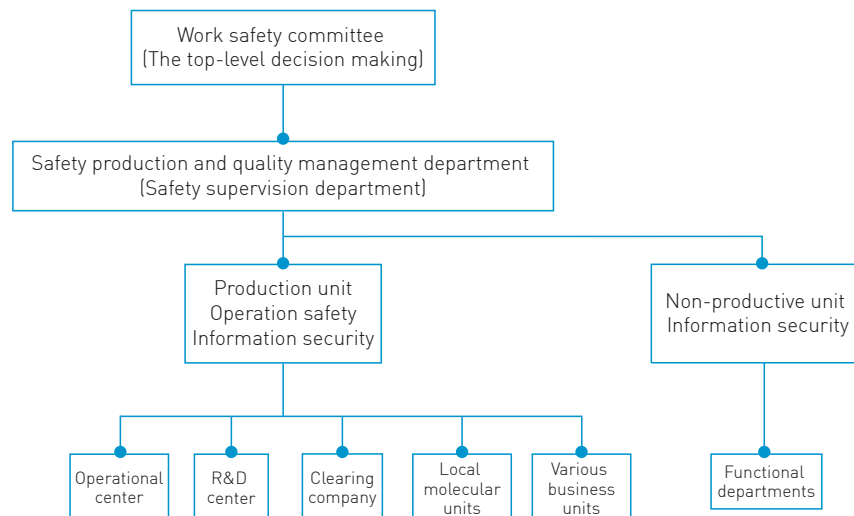
## SAFETY MANAGEMENT

Safety is the lifeline of enterprises, and an important foundation for the Group's business operations. We firmly prioritize safety in promoting corporate development while maintaining stability. We strictly abide by the China's *Cybersecurity Law* and other relevant laws and regulations in China, and implement the accountability system for workplace safety. We continue to consolidate the foundation for safety, and fully modernize the safety management system and capabilities. In 2020, we maintained stable in safety on the whole, laying a solid foundation for high-quality corporate development and China's national civil aviation safety.

- **Sound safety management system**

The Group has established a sound safety management system and formulated, rehearsed and reviewed contingency plans to ensure prompt response in case of cybersecurity emergencies, minimize damage thus caused, and ensure sustainable business operation.

The Group works hard to protect trade secrets and has a taskforce, founded in 2013, responsible for developing the trade secret protection system, with encryption and decryption technology at the core, and providing solutions to ensure the security of corporate data, networks and mobile storage media. The encryption and decryption technology are one of the most important information security and data protection means in the data leakage protection industry, and also a mainstream secret-protection technology adopted by the first batch of pilot central SOEs chosen by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC).



▲ Organizational structure for safety management



## Creating Social Value Through Innovation

### Operation safety

We organized subsidiaries to comb through and revise more than 700 internal policies and processes, sorted and filed 656 production systems for record, and updated the rating of 247 application software.

### Information security

We have published privacy statement templates and related policies including the statement on data and privacy protection, global distribution system privacy statement, the consent letter to employees on providing personal data, to regulate information management and ensure information security.

We piloted the data security management system in accordance with China's *Cybersecurity Law* and the *EU's General Data Protection Regulation*.

Personal information leakage accidents are classified and corresponding emergency response measures regulated.

- Stronger security capacity building**

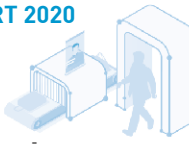
The Group continues to step up the R&D of technologies needed for safety management and ensuring safe operations. Safety inspections, emergency drills and safety training are regularly organized to enhance our ability of guaranteeing safety and handling of safety accidents, thus ensuring the smooth and safe business operations.

Security Technology R&D	Safety inspections	Safety training
Improve the overall agility and reliability of the technology architecture by developing cloud containers and cloud foundations	Carry out quarterly Group-wide safety inspection, safety emergency drills and other activities, keep a rectification record and continue to follow up the rectification results	Organize safety-themed education activities, cybersecurity awareness and training activities to enhance staff's safety awareness and abilities

In 2020,

- There was 0 production failure at the second level or above or information security incident with social impacts.
- The availability ratio of the three host systems and the major open platform systems exceeded 99.99%.
- More than 200 hours of technical training were provided.
- The safety training covered more than 4,000 participants.
- Nearly 3,200 emergency drills, including no-notice drills, field drills and tabletop drills, were launched.
- The safety emergency drills covered 9,600 participants.





## Creating Social Value Through Innovation

### Case: Organizing workplace safety training sessions to create a safe working environment

From March to May 2020, the Group organized several workplace safety training sessions, invited safety specialists to share safety-related knowledge, analyze existing safety problems and vulnerabilities in various departments, and answer questions from trainees. These training activities helped employees correctly understand the Group's safety requirements, take concrete, effective actions to enhance workplace safety, and thus create a safe working environment in the Group.



▲ “Ankang Cup” fire protection drill



▲ Information security skills competition

## TECHNOLOGICAL INNOVATION

The Group has laid out a strategy of driving corporate development with technological innovation. We vigorously develop the technological innovation system and enhance capability building, with the focus on making technological breakthroughs as early as possible. We work to improve the quality of our intellectual property rights (IPR) and scientific and technological achievements, accelerate the application of technological innovations and strive to become a world-class provider of comprehensive information service dedicated to information technology solutions in aviation and travel industry, thus injecting vitality into the development of civil aviation.

- **Better innovation management**

The Group continues to improve its innovation management system, increase investment in scientific and technological R&D. Besides, we keep enhancing our technological innovation capability and R&D efficiency to build a technological high ground and make major breakthroughs in developing new technologies.



## Creating Social Value Through Innovation

### R&D system development

We have formulated the *Modern R&D System Development Plan*, and promote the integration and optimization of products, technologies and resources to build a capacity center plus resource center”.

### Technological innovation platform

The TravelSky Research Institute is founded, separating research from development.

### S&T project management

*The Scientific and Technological R&D Project Management Measures* is put into effect. Company-level key scientific research projects are included in the Company’s management system to strengthen project management in key stages.

### R&D capability improvement

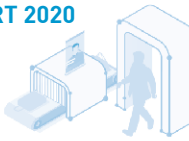
The R&D center has passed CMMI Maturity Level 5 certification, the highest level of software capability maturity in the industry.



▲ TravelSky achieves the CMMI Maturity Level 5 certification.

In 2020,

- Research and development expenses 691.616 million.
- Number of R&D team 3,764, among them, the Group has 890 employees and its affiliated companies 2,874 employees.
- R&D personnel accounted for 52.60 percent, up 2.16 percent from 2019.



## Creating Social Value Through Innovation

- ### Driving technological innovation

The Group adheres to the goal of achieving independent and controllable core application systems, sorts out and plans to deal with risks, and formulates short-term and medium- and long-term plans. By promoting technological innovation and applying innovations in industrial scenes, we have seen technological innovation emerge one after another rapidly.

**Major research projects:** We have undertaken a number of national and provincial/ministerial-level S&T projects, all going on smoothly as scheduled. Among them, three national information security projects commissioned by National Development and Reform Commission, including the project of developing a public cloud computing platform for civil aviation information services, have passed the acceptance check on schedule.

**Key scientific research projects:** We have completed as scheduled the Phase I of the TravelSky cloud infrastructure platform (TIP), Phase I of the cloud computing application platform (TAP), Phase I of the TravelSky big data technology platform (TDP), Phase I of the open passenger service system, and Phase I of the intelligent departure service platform.

**Technological innovations:** Our High-Performance International Civil Aviation Freight Rate Search System is the first of its kind in China and has reached the world-advanced level in overall performance. The Revenue Promotion System Based on Massive Multi-Source Civil Aviation Passenger Service Data such as PNR, A-CDM Product Development for China's Civil Aviation Airports Collaborative Decision-Making System, and Green Intelligent Infrastructure Operation and Maintenance for Civil Aviation Data Centers are all leading the country in their respective field.

In 2020,

- There were 17 research projects ongoing.
- 13 technological innovations were commercialized.

### Case: The first Re-Shop system in Asia Pacific to search international freight rate changes developed

The international freight rate change search (Re-Shop) system enables air passengers to reschedule the air ticket, upgrade the seat or access other services on their own on the Internet. It is a high-end service for international freight rate related business, and widely believed to be hard to develop. The market has long been dominated by foreign companies. At the end of 2018, the Group started to develop its own Re-Shop system which was completed and delivered to airlines at the beginning of 2020, evidencing that we have mastered the technology of searching for international freight rate changes. The system will help us better support NDC products, and enhance the service capabilities and market competitiveness of the Group's e-commerce solutions.



## Creating Social Value Through Innovation

### • IPR Protection

The Group's Patent Management Department is fully responsible for overseeing and managing patent-related work. At the same time, according to the *Patent Law* and the *Rules for the Implementation of the Patent Law of the People's Republic of China*, we have formulated the *Interim Measures for Patent Management of TravelSky Technology Limited* and *Rules for the Implementation of Patent Management of TravelSky Technology Limited*. Accordingly, we regulate the patent management work, encourage employees to invent and be creative, and apply the patent system to promote technological innovation and the application of patented technologies. We also urge and guide technology teams to innovate so as to enhance our market competitiveness.

In 2020,

- We applied for 149 patents.
- We were granted 17 invention patents.
- The invention patent for "The Method and Device of Evaluating the Reliability of Flight Information Inquiry Systems" was nominated by the SASAC for the 22nd China Patent Awards.
- The Group was awarded a Municipal Model Unit in Intellectual Property Related Work of Beijing.

### • Contribution to the sustainable development of the industry

The Group actively engages in technology exchanges and cooperation with the government, scientific research institutes, industry associations and peer companies. We have participated in the application for and formulation of national, industry-wide and group-specific standards, and effectively enhanced innovation capability, to contribute to the sustainable development of China's civil aviation industry.

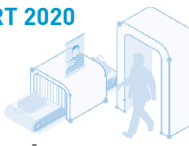
#### **Industry-university-research collaboration**

We co-develop the Key Laboratory for Intelligent Applied Technology for Civil Aviation Passenger Services and Beijing Civil Aviation Big Data Engineering Technology Research Center with a number of universities and research institutes to create joint research platforms, and enhance the ability of independent innovation.

We work with the Institute of Software, Chinese Academy of Sciences, Beijing Jiaotong University and Air China in conducting research.

#### **Formulation of industry standards**

We participated in the formulation of 2 national standards, 1 industry standard and more than 30 group standards. Four of the group standards, including the *Norm for Data Exchange and Interface for the Whole-Process Tracking of Checked Baggage of Airline Passengers*, have passed expert review.



## Creating Social Value Through Innovation



- ▲ The Second China Civil Aviation Network Technician Skills Competition co-undertaken by TravelSky



- ▲ TravelSky was honored the Award of Enterprise with Outstanding Contribution at the Ninth “China Software Cup” Software Design Competition for College Students it co-undertook

## CUSTOMER SERVICES

The Group has gradually built up a complete IT service supply chain in the aviation and travel industry, and has formed a relatively diversified, powerful and affordable product line of IT services in the industry, to assist all inside players to expand business and improve services for the benefit of passengers.

- **Addressing customer needs**

The Group stays oriented to customer needs and always puts customer needs first. In 2020, we continued to provide products and services to meet customer needs, striving to be their long-term partner. As an information service provider, we always remain true to our core mission of “providing excellent information services” and try to respond quickly to customer. We provide whole-process services oriented to customer needs, and have developed a series of policies and norms to regulate service standards and enhance the management level, in an effort to enhance user satisfaction and loyalty comprehensively. The Group is not involved in the advertising, labeling or remediation of the products and services provided, so relevant information disclosures are not applicable.

In 2020, the *TravelSky Administrative Measures for Customer Services First-Contact Responsibility* was formulated to promote lean management of customer services, ensure the effective performance of customer service responsibility on the frontline, and arouse the sense of responsibility among service personnel; the *TravelSky Administrative Measures for Chief Customer Representatives* was formulated to continuously improve the service system and provide higher-level and better-coordinated information exchange channels for users on top of existing communication mechanism; and the *TravelSky Administrative Measures for Publishing Failure Reports to Customers* was prepared to regulate the process of providing failure reports to customers, and effectively improve the efficiency of customer services. These improvements in our service system enable us to provide users with more targeted, sophisticated services and protect user rights.



## Creating Social Value Through Innovation

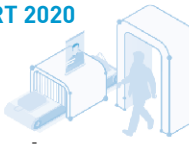
In 2020, the Group passed this year’s internal and external audit of ISO 9000 quality management system, and had its ISO management system certification renewed.

The Group has taken the following steps to enhance the customer experience with better services:

<b>Diversifying the service channel</b>	<b>Strengthening service performance appraisal</b>	<b>Improving the service management system</b>
<p>We applied the three-level service system to Air China, China Eastern Airlines, China Southern Airlines, and piloted and promoted it to medium-sized airlines.</p> <p>We implemented Chief Customer Representative system for key airlines.</p>	<p>We greatly increased the weight of customer service indicators, and combined them with qualitative and quantitative indicators to urge departments and subsidiaries to attach more importance to customer services and improve the service quality.</p>	<p>We established a sound management system and process for handling key matters of customer services, including customer complaints, customer claims and the release of failure reports.</p>
<b>Stepping up to develop information systems for managing customer services</b>	<b>Launching customer satisfaction survey</b>	<b>Combing the customer complaints management and response procedures</b>
<p>We improved the efficiency of daily customer services through real-time digital management.</p> <p>The service surveillance team can spot problems quickly.</p>	<p>We guide service improvement based on customer comments on our products and services.</p>	<p>We comprehensively combed the customer complaint management and response procedures, and opened more clearly-defined channels for customers to file complaints.</p>

### Case: Launching the partner aid program to tide clients over the COVID-19 crisis

The COVID-19 pandemic has threatened the survival of many airlines and ticket sales agents which are under tremendous financial stress. In response to the call and guidance of the government and the CAAC for supporting the development of civil aviation enterprises, at the height of the epidemic in China, the Group rolled out a partner aid program to build up solidarity with clients and withstand the negative impacts of the pandemic together. The aid measures included reduction/exemption of fees and extension of the repayment period, depending on the business cooperation agreements signed with airlines, ticket sales agents and peers.



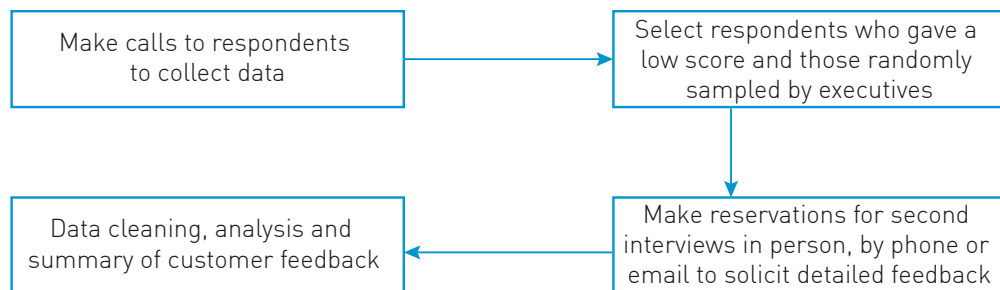
## Creating Social Value Through Innovation

### Case: “Aviation Information Inquires” enables paperless customs clearance and saves about seven minutes for each passenger on average

The Group works with the IATA, airlines and airports to promote “Aviation Information Inquires”, a way of paperless easy travel, which will effectively solve existing pain points such as long queues, slow customs clearance, and the unavailability of electronic travel services. The “Aviation Information Inquires” system provides paperless, convenient customs clearance services, can save an average of seven minutes for passengers, and has already been deployed in more than 200 airports across the country. It has accumulatively served nearly 500 million passengers, saved about RMB100 million that would otherwise have been spent on making paper boarding passes, and cut about 7,500 tons of carbon emissions.

#### • Enhancing customer satisfaction

The Group has formed a complete customer satisfaction survey process to better understand user needs and accordingly improve products and services. The customer satisfaction survey mainly relies on structured questionnaires to collect data. The product & service quality survey is also integrated into the annual customer satisfaction survey, in which customer feedback on product functions and customer services is collected as per the quality measurement criteria developed by the market survey company. The customer satisfaction survey employs mainly telephone and online surveys, occasionally scheduled face-to-face interviews, depending on the respondents’ willingness to cooperate and importance.



▲ Customer satisfaction survey process

In 2020, the Group scored 85.8 points in the customer satisfaction survey. As the Group’s products do not involve recall for safety and health reasons of products sold or shipped, relevant information disclosures are not applicable.



## Creating Social Value Through Innovation

### EMPLOYEE DEVELOPMENT

The Group always regards employees as its most valuable asset. Always people-oriented, we care about our employees and their development, effectively protect their rights and interests, strive to create an equal, safe and healthy working environment for all, and enable them to grow together with the Group.

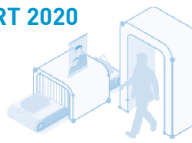
- **Employment regulation**

During the reporting period, the Group strictly complied with relevant laws and regulations such as the *Labor Law*, *Labor Contract Law*, *Implementation Regulations of the Labor Contract Law of the People's Republic of China*, *The Social Insurance Law of the People's Republic of China* and the *State Council's Provisions on Prohibition of Child Labor*. We safeguard the rights and benefits of employees, promotes anti-discrimination, equal opportunities and a fair, respectful and diversified workplace. We prohibit the employment of child labor, and resist all forms of forced and compulsory labor. We regulate the labor contract management within the Group and improve the labor contract management system to ensure a good employment relationship. Unfair or unreasonable dismissal of any kind is strictly prohibited. In addition to the basic paid annual leave and statutory leave stipulated by the national and local governments, our employees are entitled to additional leave benefits such as marriage leave, paternity leave and family visit leave. The Group continues to improve the salary management system, and provides old-age, medical, unemployment, work injury, supplementary medical insurances, and the public housing provident fund for employees on time and in full. The oversight of the distribution of employee benefits is also strengthened. In 2020, there was no child labor and forced labor, zero employment dispute, stoppage or strike.

In order to better attract high-end talents, implement the Group's strategy to strengthen company with talents, and enhance the Group's competitiveness in external markets, we have formulated and issued the *Interim Measures on the Introduction of Overseas High-level Talents*. We have innovated in the system and mechanism, and keep building a business platform, and a good working environment suitable for the role top-notch overseas talents. In addition, we have developed our criteria for science and technology leading talents, with reference to national and industry-wide science and technology innovation talent programs, and our existing criteria for specialists. We also mobilize departments and subsidiaries to recommend candidates. At the height of the COVID-19 pandemic in 2020, we organized recruitment and information sessions online to promote our corporate culture and attract talents. All the written examination, interviews and contract signing were done online, achieving "zero-contact" in the recruitment process.

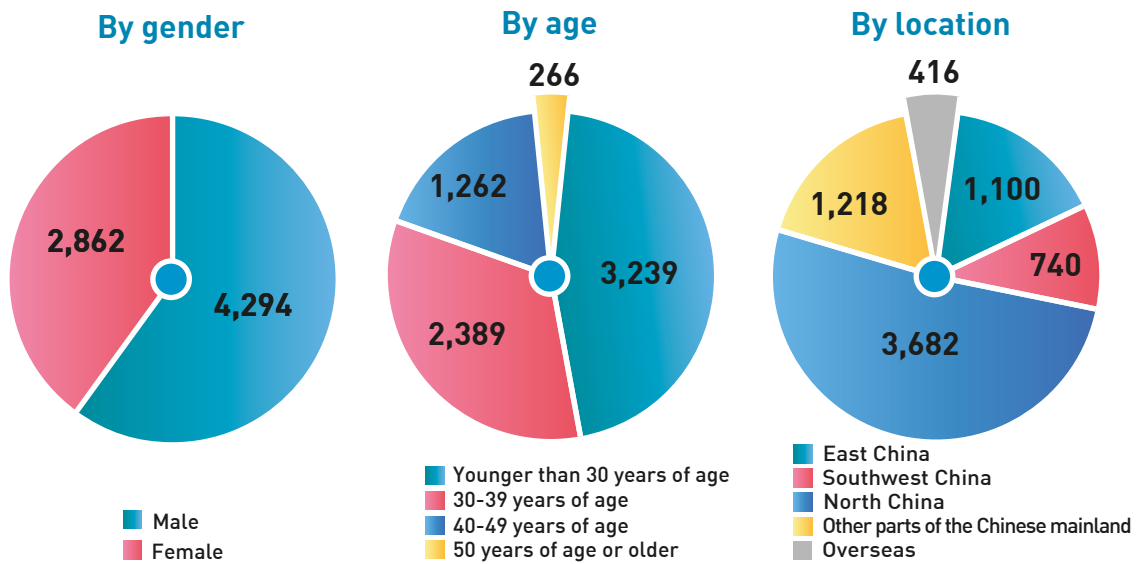
During the reporting period, the Group had 7,156 full-time employees.



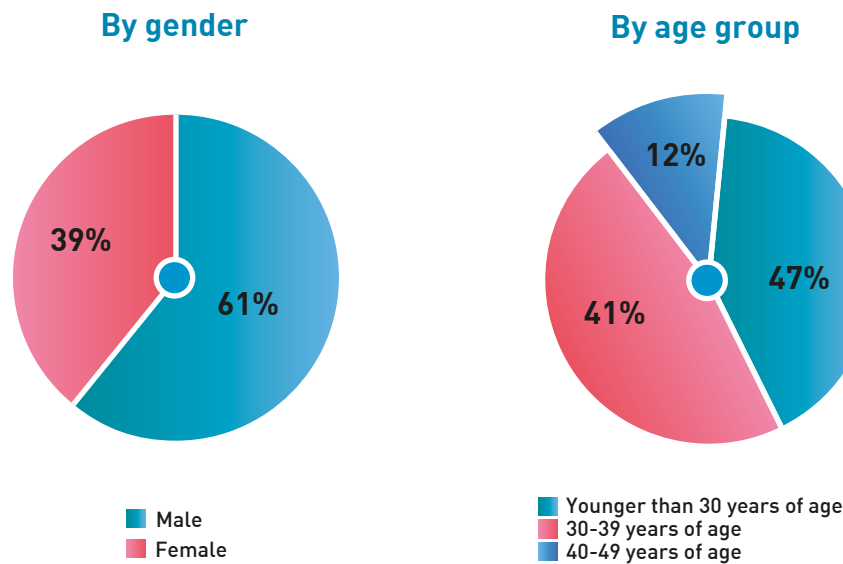


## Creating Social Value Through Innovation

The relevant statistics of the employee structure are as follows:



During the reporting period, the Group lost 5.4% of its workforce. The relevant statistics are as below:



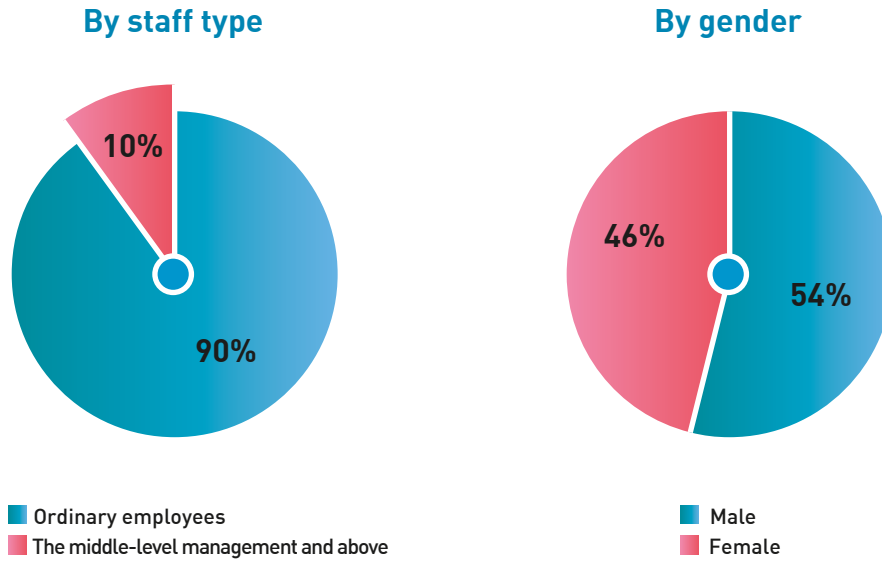
- Employee development and training**

The Group attaches great importance to employee development and skills improvement, and provides unimpeded employee development channels and job opportunities and promotion channels that fit their own development. At the same time, the Group provides various training activities that aid employees' self-accomplishment. In 2020, to speed up the job post & title reform, the Group revised the job title administrative measures, started the key-post setup in all business lines, and further unblocked the development channel for S&T talents. Annually, the Group organizes various differentiated education and training activities for the management at all levels and the entire workforce. In 2020, the Group's training expenditure amounted to RMB4,018,300.



## Creating Social Value Through Innovation

The training activities of the Company covered 1,662 participants, 72% of the workforce. The relevant statistics are as below:



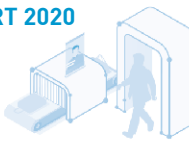
The average training hours per employee was 10 hours, 10.1 hours per male employee and 9.9 hours per female.

- Occupational health**

The Group values employees' physical and mental health and workplace safety and is committed to providing employees with working environments and conditions that meet health and safety requirements. The Group strictly complies with relevant laws and regulations such as *the Workplace Safety Law, Law on Occupational Disease Prevention and Control, Fire Safety Law and Regulations on Emergency Response to Workplace Safety Accidents of the People's Republic of China*, so as to promote safe operations and employee health management. During the reporting period, the Group had zero violation of laws and regulations governing occupational safety that has significant impact on the Group. In the past consecutive three years, we had zero work related death and zero lost day due to work injuries.

**Case: The employee care program safeguards employees' physical and mental health**

The "Mental Health for a New Journey" employee care program (EAP) has been providing psychological counseling services to employees and won great popularity among them. In 2019-2020, the EAP provided 530 hours of psychological counseling, with 452 counseling cases; organized 17 online and offline mental health training sessions, with 3,071 direct participants; and provided 48 on-site counseling sessions for 133 employees. Following the sudden outbreak of COVID-19, the EAP provided comprehensive support to employees and safeguarded their physical and mental health.



## Creating Social Value Through Innovation

- ### Employee care

The Group actively explores ways to optimize the supplementary medical insurance scheme for employees. We have increased options such as major illness insurance for employees and their children, comprehensive medical insurance, term life insurance and accident insurance, and promoted the improvement in online and offline claims services, to meet the diverse needs of staff and improve staff services.

In 2020, the Group revised the *Administrative Measures for Employee Sympathy Gifts*, increasing the value of such gifts and expanding the applicable scope. At the same time, for employees in need, targeted assistance was delivered to help them and their family address difficulties; the EAP service provider was commissioned to call them to offer psychological counseling and support on behalf of the Group.

In addition to a sound employment management system and competitive salary and benefits, the Group also organizes a wide range of cultural and recreational activities to enhance team cohesion, enrich the spare time of employees and create a harmonious workplace atmosphere.



▲ Colorful employee activities

### Case: The 2020 Staff Sports Game

The annual Staff Sports Game was staged at the end of 2020, attracting the participation of more than 2,500 employees in Beijing, making it the biggest game in the Group's history. The sports game was a window into the Group's efforts to promote mass culture and sports in 2020, and a stage for the staff to show themselves.



## Creating Social Value Through Innovation

### Case: Organizing colorful virtual events for team bonding in the days of remote-working

In the first half of 2020, when China was in the deep of the COVID-19 epidemic, our employees were forced to work in shifts, work at home or self-isolate. In response, the Group launched various virtual cultural and sports activities to enrich their lockdown life. For example, the Floristry Club organized a series of floristry activities in April; the Yoga Club live-streamed yoga sessions and experience-sharing sessions; the Tai Chi Club taught the Ba Duan Jin online; and the Calligraphy and Painting Club and the Photography Club each organized an exhibition themed on the fight against COVID-19. According to statistics, these virtual cultural and sports activities attracted 1,500 participants, effectively easing their pressure and entertaining them at the height of the epidemic.

## COMMUNITY SERVICES

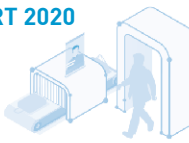
The Group attaches equal importance to corporate development and giving back to society. We leverage our business and technology expertise to give back to the society. In 2020, we provided reliable services to major events, helped Shenchu County in Shanxi Province fight poverty, and organized volunteer activities, performing our corporate social responsibility and contributing to social harmony, stability and sustainable development.

- **Providing reliable services to events**

In 2020, the Group accomplished the supply of reliable services over 86 days accumulatively for events, including air transport services for the Spring Festival travel rush, the annual "Two Sessions," the Labor Day holiday, the National Day holiday, China International Fair for Trade in Services, and China International Import Expo.

### Case: Carry forward the spirit of civil aviation and serve the "Two Sessions" with sincerity

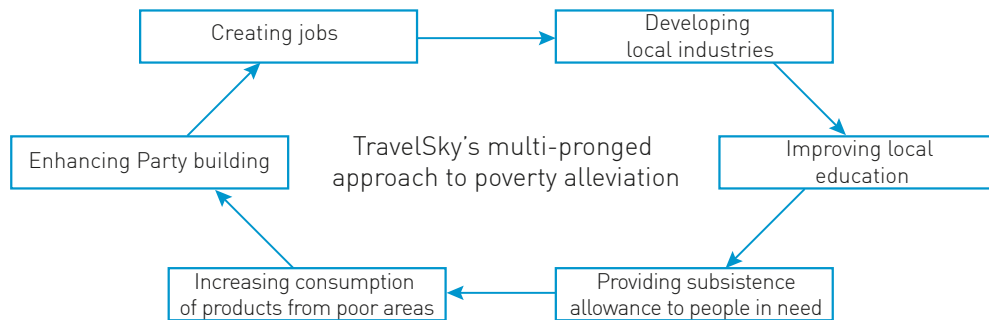
As the neural network hub for the healthy civil aviation operation in China, TravelSky has provided safe, smooth, considerate information services for the annual Chinese People's Political Consultative Conference (CPPCC) and National People's Congress (NPC), collectively known as the "Two Sessions", for consecutive years, with leading abilities in safe operations, dedication and commitment. During the 2020 "Two Sessions", our three main host systems and main open systems were in good working condition, with zero grade failure or information security leakage, and the system availability rate was up to standard, ensuring normal operation and user services for more than 40 flights designated by the CAAC. We ensured safe, smooth and orderly air transport that met the normal travel requirements of passengers, contributing to the success of the event and building up our reputation as a transport service provider. The CPPCC National Committee issued a banner in recognition of our contribution to ensuring the normal operation of the aviation information system during the "Two Sessions".



## Creating Social Value Through Innovation

### • Contribution to poverty alleviation

In response to the national call for poverty alleviation, TravelSky proceeds from its business characteristics and advantages, upgrade the way of poverty alleviation based on thorough research to help impoverished areas eradicate extreme poverty.



▲ The Group leadership visits a site of industrial development for poverty alleviation



▲ Poverty-alleviation cadres dispatched by TravelSky and farmers on the farm field

In 2020:

- We invested RMB12 million in poverty alleviation.
- Introduced another RMB2.22 million.
- Donated cash and goods worth RMB885,000.
- Spent RMB542,000 on labor cost for poverty alleviation research.
- Launched 13 anti-poverty projects, benefiting more than 14,300 poor people.
- Directly procured agricultural goods worth RMB5,422,200 from impoverished areas.
- Marketed and sold RMB20.2518 million worth of agricultural goods from Shenchi.

## Creating Social Value Through Innovation

### *Creating jobs to empower locals to prosper*

**Developing the labor economy with distinctive features:** We have organized 76 female farmers from Shenchi to receive training on domestic service in Beijing, and built up the brand of "Shenchi Domestic Workers". Ten of them are employed as domestic workers, with a monthly income over RMB4,500. The rural surplus labor force is thus given a new way to increase income through hard work.

**Providing local jobs for the poor:** We have provided skills training and subsidies for stable employment, and helped 143 rural residents receive training and find a job at local workshop, so that they can take care of their families without the need of migrating for jobs.

**Providing job opportunities in TravelSky:** We set up special posts for the registered poor workers and have hired nine such workers. In recruitment, preference is given to poor graduates from Shenchi when other conditions are the same, and two such graduates have become TravelSky employees.

### *Developing local industries to build a strong foundation for poverty alleviation*

**Introducing leading enterprises:** We have introduced capital and talent from outside and fostered a number of specialty industries that benefit local poor.

**Launching specialty industry projects:** In Liebao Township of Shenchi, we demonstrated dry-farming practices on 6,507.5 mu of farmland, engaging 425 households from seven villages, and increasing the output per mu by RMB450 for each household. The first resident secretaries in partner villages organized 56 households to raise free-range chicken.

### *Improving local education to inspire locals to fight poverty*

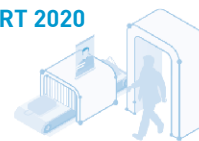
**Setting the educational aid fund:** Through the fund, we have invested RMB4.656 million and provided aid to 466 outstanding teachers and 564 poor students.



▲ Creating jobs to fight poverty



▲ Educational poverty alleviation condolences



## Creating Social Value Through Innovation

**Organizing capacity building trainings:** In cooperation with universities, we have held capacity building sessions in Beijing, Yangling, Jiangyin, Jiaxing and Shenchi, training 7,771 grass-roots officials, 624 backbone teachers, 243 village doctors, and 68 leaders in poverty alleviation.

**Enriching the cultural life:** We have sponsored Sanshan Village of Donghu and Changcheng Village of Liebao to open charity grocery stores and cultural activity rooms, to enrich the cultural life and elevate the ethical standards of locals.

### *Providing targeted assistance to the poor in need*

**Continuing to invest in the Development Fund for People in Deep Poverty:** The fund targets at people who fall into deep poverty due to education expenses, disasters, severe disabilities, chronic illnesses and domestic calamity, and has helped 174 such households steadily emerge out of poverty in Shenchi.

**Improving safety and quality of rural drinking water:** We have allocated a special fund, and rationally determined the type, scale and water supply mode of the drinking water project, and have thoroughly solve the drinking water safety problem for 8,828 people in 18 poor villages.

**Improving healthcare services:** We provide support for repairing and renovating buildings of township hospitals, training village doctors, and providing telemedicine services, attracting high-quality healthcare specialists to go to township hospitals, thus meeting the medical needs of more than 7,700 people in nine natural villages in Taipingzhuang Township.

### *Increasing consumption of products from Shenchi via innovative models*

**Marketing Shenchi's goods via diverse channels:** We held a new year's goods fair, special-product recommendations and displays, and the Oct. 17 consumption festival for products from poor areas, mobilized leading enterprises to place orders for goods from Shenchi, and marketing Lvliang Mountain goods in Beijing, and have sold RMB ten million worth agricultural products from Shenchi.

**Developing local e-commerce platforms:** We have introduced to Shenchi a model of cooperation between e-commerce platforms, first secretaries, and farmers, to match individual farmers with the market demand, and market Shenchi's agricultural products online, generating sales of more than RMB3.5 million.



## Creating Social Value Through Innovation

### Enhancing Party building to improve services for people in need

**Building a Party building and poverty alleviation service center:** The center is located in Taipingzhuang Township and provides such services as education of Party members, skills training, government services, elderly care, e-commerce services, and cultural activities, dedicated to serving the poor under the guidance of rural Party building work.

### Case: Developing Shenchi's healthcare information platform to allow the poor easier access to healthcare services

On May 7, 2020, the Group delegation led by the leadership visited Shenchi and held talks with locals to find out the effect of poverty alleviation efforts. They found that the divide between urban and rural medical information and data had resulted in a waste of medical resources and high medical costs. In response, we leveraged our expertise, developed an information system and upgraded the network for Shenchi County Healthcare Group. After three months of research, development and testing, in September 2020, the Digital Shenchi project was completed and the Shenchi County Healthcare Group's information platform was put into operation, serving as the unified, safe portal to access the information systems of Shenchi County People's Hospital, township hospitals, community-level healthcare centers, greatly improving the efficiency of medical workers. Thanks to the project, the poor, especially those living in remote, mountainous areas, now has easier access to better and more convenient medical services.

### • Volunteer activities

The Group advocates the volunteer spirit of "dedication, friendship, mutual support and progress." We encourage employees to make full use of their expertise and the Group's resources to provide volunteer services for those in difficulty, the elderly and students, and give back to the community with concrete action.

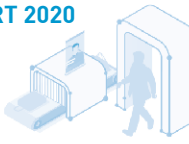


▲ Donations made by our Guangxi and Jiaxing branches

In 2020,

- We offered 1,300 volunteer opportunities.
- Registered 400 employee volunteers.
- Provided 1,300 hours of volunteer service.





## INCREASING CORPORATE VALUE BASED ON A SOLID FOUNDATION

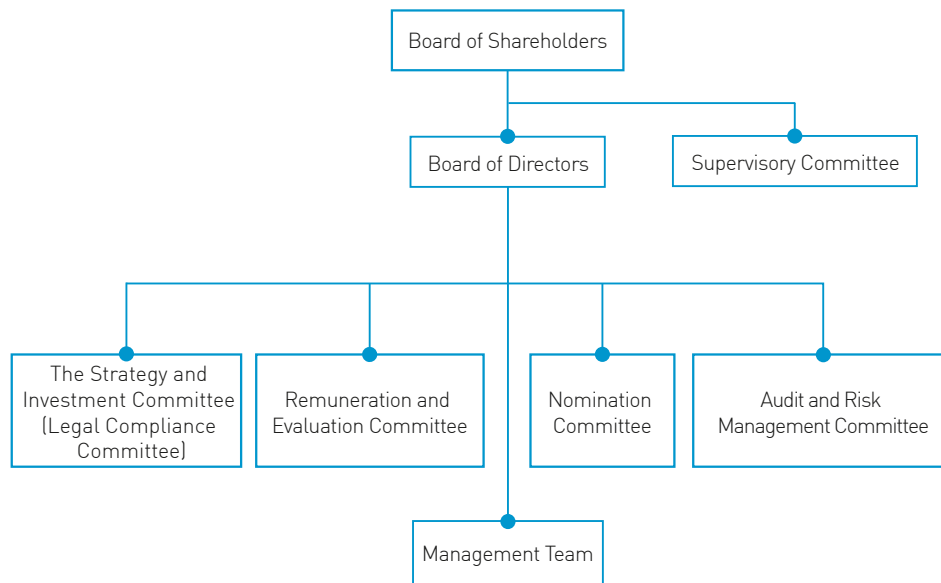
TravelSky actively advocates and promotes sustainable development. We constantly improve corporate governance through management innovation and strengthen the ability of resisting risks; we attach great importance to ESG management, actively respond to the demands of various stakeholders and strengthen supplier management, striving to be a forerunner in civil aviation information services, and achieve win-win results for corporate development and social progress.

### CORPORATE GOVERNANCE

A sound corporate governance mechanism helps to enhance the value of a company and safeguard shareholder rights and interests, and is an important prerequisite for sustainable corporate development. The Company keeps improving itself and has developed a highly efficient corporate governance system.

- **Corporate governance mechanism**

The Company strictly abides by the *Company Law and Securities Law of the People's Republic of China*, its *Articles of Association*, *Main Board Listing Rules of HKEx* and other relevant laws, regulations, policies and regulatory requirements. We have put in place a sound corporate governance structure, clearly-defined rules of procedure and working procedures, and the management system and operating mechanism, under which the shareholders' general meeting, the Board of Directors, the Board of Supervisors, the management and the specialized committees perform their respective duties according to law, effectively guaranteeing the independent, efficient and transparent operation.



▲ Corporate Governance Structure of the Company



## Increasing Corporate Value Based on a Solid Foundation

The Board of Directors and the four committees under it perform their duties in strict compliance with domestic and foreign regulatory requirements and internal policies including the *Articles of Association*, *Corporate Governance Code* and each committee's working rules. The Board of Directors reports to the shareholders' general meeting and is responsible for convening the shareholders' general meeting, reporting to the meeting on its work and implementing the meeting's resolutions. In 2020, the Company's Board of Directors had nine directors, including three executive directors (one vacancy) and six non-executive directors (including three independent non-executive directors). The Board met seven times and convened four shareholders' general meetings.

- **Investor relations**

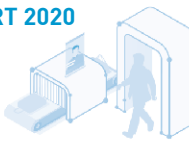
The Company strictly complies with the regulatory requirements of The Stock Exchange of Hong Kong Ltd., strengthens robust operation, timely and effectively responds to investor inquiries and conference invitations. In 2020, the Company fielded more than 1,200 investor inquiries, 1.6 times that of last year, responded to more than 3,321 phone calls/emails from investors, pushed compliance information to 9,529 subscribers, made public 77 compliance documents and self-disclosures, assisted domestic and foreign securities companies in publishing 68 research reports, and maintained good investor relations. In 2020, the Company was awarded Hong Kong Investor Relations Award, Best Investor Relations Award, Most Valuable TMT Stocks Company Award, and Top 100 Chinese Listed Companies Award, among others, by the Hong Kong Investor Relations Association, Hong Kong General Association of International Investment, zhitongcaijing.com, etc.

- **Annual dividend**

The Company safeguards investors' return on investment by continuing to improve its sound operating capacity. The Board proposed the distribution of a final cash dividend of RMB0.016 per share (tax inclusive) for Year 2020, totaling RMB468,000.

- **Compliance management**

On top of complying with laws, regulations and *Main Board Listing Rules* of HKEx, the Company continues to improve its internal policies and management system, tighten operational control and enhance compliance management, to lay a solid foundation for sustainable development. In 2020, the Company strengthened compliance management, promoted the rule of law, formulated and issued the *Compliance Management Measures*, and organized public-information sessions on the rule of law, thus providing a strong guarantee for law-based corporate governance. In 2020, we offered 400 training opportunities to our staff on compliance management.



## Increasing Corporate Value Based on a Solid Foundation

- **Risk management and internal control**

The Company actively promotes internal control and risk management and improves the risk management system. Based on the *Administrative Rules on the Reporting of Major Business Risks*, the Company has established a reporting mechanism for major risks, and increased the frequency of risk monitoring, in addition to an across-the-board accountability system. In 2020, to cope with the COVID-19 Epidemic, the Company introduced a new audit model under which internal audit was conducted both online and offline on 23 companies. The internal management was thus effectively strengthened to better guard against risks.

The outbreak of Epidemic in 2020 intensified the downward pressure on the global economy. With the market demand and passengers' travelling desire dropping sharply, the global civil aviation industry has been greatly impacted. Affected by the Epidemic, the Group met with great difficulties in business development and business promotion. The difficulty in recovering accounts receivable increased; the international airline market shrank sharply and the overall revenue of the Company dropped sharply on year-on-year basis. Faced with the impact of the Epidemic. The Company proactively fulfilled its social responsibilities, took its advantages to fight the Epidemic scientifically, stabilized its business foundation, flexibly adjusted its market strategy, strictly controlled costs, implemented quality and efficiency improvement, and strived to reduce the adverse impact of the Epidemic. The liquidity of the Company could meet our working capital demand.

Besides the risk factors caused by the Epidemic, the Company faces macroeconomic environment and geopolitical risks as well. The Company will pay more attention to the changes in the global macroeconomic status, flexibly adjust its market strategy and make efforts to achieve good operating results. Independent innovation of high-tech companies mainly depends on talents. In terms of talent retention and outflow, the Company will constantly optimize the salary incentive mechanism, speed up the implementation of reform, and build channels for talent growth.

The Company will stick to the strategic goal of building an "international first-class integrated formation service enterprise", continue to consolidate and develop aviation information technology service, integrate and develop distribution information technology service, strive to develop airport information technology service, and innovate and develop accounting. Settlement and clearing service, and is committed to "enhancing internal control, preventing risk and promoting compliance" to intensify internal control, deepen the internal control system and mechanism construction, perform the responsibility of risk subjects, improve the risk prevention and control mechanism, reinforce the awareness of risk control, advance the level of risk control management, and continuously enhance the level of information management and control, thereby boosting the modernization in the governance system and governance ability, so as to provide a solid foundation for the Company's high-quality development.



## Increasing Corporate Value Based on a Solid Foundation

### • Anti-corruption

The Company works actively to improve Party conduct, uphold integrity and combat corruption. It has formulated and issued the *Tasks of 2020 for Improving Party Conduct, Upholding Integrity and Combating Corruption* and *2020 Education Plan for Improving Party Conduct, Upholding Integrity and Combating Corruption*. Targeted supervision has been strengthened, and efforts are stepped up in restraining and overseeing the exercise of powers and in anti-corruption education, to create a clean and healthy workplace atmosphere.

In fighting corruption, the Company strictly implements the *Several Provisions on Honest and Clean Conduct of the Leadership Members of State-Owned Enterprises*, *Communist Party of China Code of Conduct for Incorruptibility and Self-Discipline*, and other regulatory requirements and regulations. The Company has also put into effect such internal policies as the *Provisions on Recording the Intervention of the Management Leadership in Major Matters* (Trial) and *Provisions on Regulating the Conduct of the Management Leadership' Spouses, Children and Sons/Daughters-in-Law in Starting and Running Businesses*, effective guarding against corruption and bribery risks.

Item	2018	2019	2020
Activities organized to improve Party conduct, uphold integrity and combat corruption	4	4	4
Corruption cases accepted	4	1	1

▲ Our efforts in improving party conduct, upholding integrity and combating corruption 2018-2020

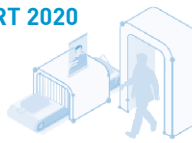
*For more information on corporate governance practices, please refer to the Corporate Governance Report included in the 2022 Annual Report.*

## SUSTAINABILITY MANAGEMENT

The Company upholds core corporate values of “putting people first, strengthening the safety foundation, building trust with services, and driving long-term development through innovation”. We follow the requirements of the SASAC and the ESG Reporting Guide of HKEx, and strive to promote sustainable development and become the main IT service provider in aviation and travel industry and a country-leading, world-class information service provider.

### • Sustainability governance structure

The Company continuously improves the sustainability management system which has covered the Company and its subsidiaries. The Board of Directors and the Strategy and Investment Committee (Legal Compliance Committee) under it are the decision-making bodies for sustainability-related work. The management is responsible for the implementation of sustainability-related tasks, the Office of the Board of Directors for information disclosure, and the Head Office departments and subsidiaries each has designated responsible persons. A top-down organizational system is thus formed.



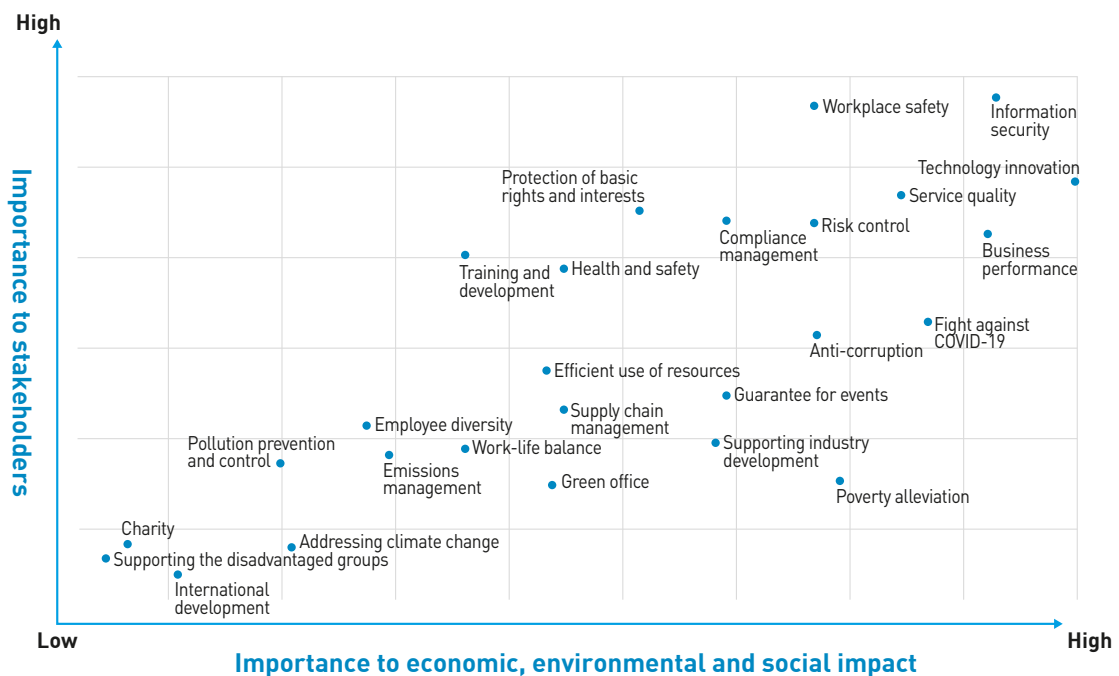
## Increasing Corporate Value Based on a Solid Foundation

- CSR incorporation**

In 2020, through benchmarking analysis and learning from best ESG management practices of peer companies, TravelSky launched a project to improve ESG practices. ESG training was organized for senior managers and departmental heads, and the staff awareness of and initiative for ESG management enhanced. TravelSky will also develop ESG management measures and improve the management system.

- Materiality analysis**

In accordance with standards, documents, policies and regulations and trendy industry topics on sustainable development, TravelSky determines the contents of sustainable development to be disclosed, and on the basis of a full understanding of the expectations and concerns of stakeholders, determines the importance of each topic to stakeholders to increase the materiality of the report.



▲ Matrix of TravelSky’s substantive issues

- Stakeholder communication**

Stakeholder communication and engagement is an important part of advancing the management of material topics. TravelSky attaches great importance to stakeholder concerns, continuously improves the stakeholder management mechanism, expands the coverage of stakeholder communication, and strives to repay stakeholders with development fruits and achieve win-win, harmonious cooperation with all stakeholders.



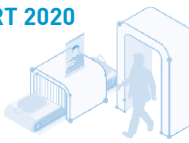
## Increasing Corporate Value Based on a Solid Foundation

Stakeholders	Expectations and concerns	Communication and response
Government and regulators	Compliance with laws and regulations Tax payment according to law R&D on civil aviation information systems	Strengthening compliance management Participation in the development of industry standards Strategic cooperation
Investors	Robust operation Good return on investment Transparency on information disclosure	Building up competitiveness and profitability Strengthening market valuation management Timely information disclosure and better investor relations
Customers	Integrity and contract performance Guaranteed quality High-quality services	Customer service center and hotline Customer satisfaction survey More interaction with customers via WeChat public account
Employees	Remuneration and benefits Career development Health and safety Employee care	Employee rights protection Education and training Labor protection Employee complaint email account
Suppliers	Business ethics Transparent procurement Win-win cooperation	Honest execution of agreements/ contracts signed Public procurement, electronic procurement Business exchange and cooperation, topic-specific seminars
Community	Reliable services for events Contribution to poverty alleviation Volunteer services	Safe, considerate information services Poverty alleviation in Shenchu county Other public-welfare activities
Peers	Far competition Driving industry progress	No vicious competition Experience sharing

▲ A Summary of Stakeholder Communication in 2020

## SUPPLY CHAIN MANAGEMENT

The Group keeps strengthening its supplier management, and works closely with peer enterprises and suppliers. Efforts are intensified to develop IT-empowered sourcing platforms, and allow advanced technology and management concepts to reinforce each other, in order to build an open, fair, transparent, honest, responsible supply chain.



## Increasing Corporate Value Based on a Solid Foundation

- ### Supplier management

The Group strictly complies with laws and regulations such as the *Law on Tendering and Bidding*, *Implementation Regulations on the Tendering and Bidding Law*, and *Administrative Measures for Non-tendering Government Procurement*. The Group follows the “market access system” for supplier management and selects excellent suppliers based on criteria of price, quality, technology, integrity, etc. Effective information security technologies and administrative process are adopted as appropriate to prevent leakage of, damage to or loss of supplier information.

In order to ensure the openness and transparency of the Group’s procurement process, the *Procurement Management Measures* set up a “Procurement Supervision” process, stipulating that procurement personnel should accept supervision and inspection by all parties, and everyone has the right to report violations in procurement process. At the same time, the Group has formulated the *Procurement Supervision Measures* to investigate and punish procurement personnel who violated any discipline. During the reporting period, the Group had not found any conduct that constituted a disciplinary or illegal act in its procurement supervision. The Group will continue to improve the ability to identify and monitor environmental and social risks of suppliers, and we also encourage suppliers to jointly improve their sustainable development performance.

Centralized procurement	Well-regulated procurement	IT-enabled procurement
We developed the catalogue of goods for centralized procurement, improved the management model and increased the proportion of centralized procurement, and gradually established procedures for data collection for procurement based on framework agreements, developing procurement plans and contract performance.	We improved related systems and procedures, planned platform-based authorization of the procurement power, and organized bidding & tendering proxies to sign the Anti-Corruption Agreement, to restrain their behavior and prevent corruption with established procedures and guarantee compliance in every step of bid inviting and procurement.	We improved basic modules for procurement budget management, procurement management and supplier management, and the interface design; improved the online data statistics and analysis function, and visualized procurement problems based on data analysis, to provide basis for procurement-related decision making.

▲ Measures taken in 2020 to tighten procurement control



## Increasing Corporate Value Based on a Solid Foundation

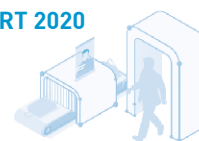
### • Supplier support

The Group holds talks with suppliers to learn about the practices of key suppliers for workplace safety and environmental protection. In the procurement process, we give priority to “green products or green manufactured products” and raise suppliers’ safety and environmental protection awareness, so as to urge them to perform their CSRs.

Item	2018	2019	2020
Number of suppliers for centralized procurement	37	25	19
Local suppliers (%)	62%	68%	72%
Number of suppliers by location			
East China	17	29	30
Southwest China	51	23	5
North China	121	153	158
Other parts of Chinese mainland	4	/	/
Overseas	1	/	7

▲ Distribution of our suppliers 2018-2020





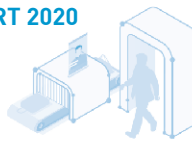
## KEY PERFORMANCE

Category	Index	Unit	2020
<b>Economic</b>	Operating revenue	RMB'000	5,485,577
	Total profit	RMB'000	314,161
	Total assets	RMB'000	22,769,276
	Earnings per share (basic and diluted) (RMB)	RMB	0.12
	Final Dividend	RMB'million	46.8
	Dividends Per Share	RMB(tax-inclusive)	0.016
	Research and development expenses	RMB'000	691,616
<b>Environmental</b>	Number of patents applied	item	149
	Emission by vehicles (Scope 1)	ton	605.1
	Emission by electricity consumption (Scope 2)	ton	33,429.7
	Emission by purchased heat consumption (Scope 2)	ton	693.1
	Total greenhouse gas emission	ton	34,727.9
	Intensity of total greenhouse gas emission	ton/RMB 10,000 of income	0.06
	Discharge of non-hazardous waste	ton	671.6
	Intensity of the discharge of domestic waste of office	ton/RMB 10,000 of income	0.001
	Discharge of hazardous waste	piece	2,830
	Intensity of the discharge of hazardous waste	piece/RMB 10,000 of income	0.005
	Consumption of electricity	kWh	55,048,398.6
	Intensity of electricity consumption	kWh/RMB 10,000 of income	100.35
	Consumption of gasoline (vehicle)	L	266,994.7
	Intensity of the consumption of gasoline (vehicle)	L/vehicle	1,112.48
	Consumption of natural gas	m <sup>3</sup>	2,051,949
	Intensity of the consumption of natural gas	m <sup>3</sup> /RMB 10,000 of income	3.74
	Consumption of purchased heat	GJ	6,301.1
	Intensity of the consumption of purchased heat	GJ/ RMB 10,000 of income	0.01
	Consumption of diesel	ton	55.1
	Total consumption of water	ton	343,411
Intensity of the total consumption of water	ton/RMB 10,000 of income	0.63	
<b>Social</b>	Number of employees	person	7,156
	Employee turnover rate	%	5.4
	Total number of trainees	person	1,662
	Ratio of trainees	%	72
	Number of working days lost due to injury	day	0
	Number of deaths due to work	person	0
	Invested in poverty alleviation	RMB'million	12
	The number of benefit	person	More than 14,300
	Offer volunteer opportunities	person-time	1,300
	Volunteer Service Length	hour	1,300
	Safety training covers employees	person-time	More than 4,000
	Number of major safety accident	/	0
	Number of suppliers for centralized procurement	/	19
Local suppliers	%	72	

## DISCLOSURE INDEXES

## HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Subject Areas and Aspects	General Disclosures and KPIs	Corresponding chapters
<b>A. Environmental</b> Aspect A1: Emissions	<p>General Disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p>KPI A1.1: The types of emissions and respective emissions data.</p> <p>KPI A1.2: Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p> <p>KPI A1.3: Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p> <p>KPI A1.4: Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p> <p>KPI A1.5: Description of emission target(s) set and steps taken to achieve them.</p> <p>KPI A1.6: Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.</p>	<p>Environmental management</p> <p>Green operations Green operations</p> <p>Green operations</p> <p>Green operations</p> <p>Environmental management Environmental management</p>
Aspect A2: Use of Resources	<p>General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>KPI A2.1: Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).</p> <p>KPI A2.2: Water consumption in total and intensity (e.g. per unit of production volume, per facility).</p> <p>KPI A2.3: Description of energy use efficiency target(s) set and steps taken to achieve them.</p> <p>KPI A2.4: Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.</p> <p>KPI A2.5: Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.</p>	<p>Increasing energy efficiency Increasing energy efficiency</p> <p>Increasing energy efficiency Environmental management Increasing energy efficiency</p> <p>The nature of the Group's business does not involve the use of packaging materials</p>
Aspect A3: The Environment and Natural Resources	<p>General Disclosure: Policies on minimising the issuer's significant impacts on the environment and natural resources.</p> <p>KPI A3.1: Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</p>	<p>Environmental management Environmental management</p>
Aspect A4: Climate Change	<p>General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.</p> <p>KPI A4.1: Description of the significant climate-related issues which have impacted, and those which may impact the issuer, and the actions taken to manage them.</p>	<p>Environmental management</p> <p>Environmental management</p>



Subject Areas and Aspects	General Disclosures and KPIs	Corresponding chapters
<b>B. Social Employment and Labor Practices</b>		
Aspect B1: Employment	General Disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employee development
	KPI B1.1: Total workforce by gender, employment type (for example, full- or part time), age group and geographical region.	Employee development
	KPI B1.2: Employee turnover rate by gender, age group and geographical region.	Employee development
Aspect B2: Health and Safety	General Disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employee development
	KPI B2.1: Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employee development
	KPI B2.2: Lost days due to work injury.	Employee development
	KPI B2.3: Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employee development
Aspect B3: Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee development
	KPI B3.1: The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee development
	KPI B3.2: The average training hours completed per employee by gender and employee category.	Employee development
Aspect B4: Labor Standards	General Disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Employee development
	KPI B4.1: Description of measures to review employment practices to avoid child and forced labor.	Employee development
	KPI B4.2: Description of steps taken to eliminate such practices when discovered.	Employee development
<b>Product Practices</b>		
Aspect B5: Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.	Sustainability management
	KPI B5.1: Number of suppliers by geographical region.	Sustainability management
	KPI B5.2: Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Sustainability management
	KPI B5.3: Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainability management
	KPI B5.4: Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainability management



## Disclosure Indexes

Subject Areas and Aspects	General Disclosures and KPIs	Corresponding chapters
Aspect B6: Product Responsibility	<p>General Disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p> <p>KPI B6.1: Percentage of total products sold or shipped subject to recalls for safety and health reasons.</p> <p>KPI B6.2: Number of products and service related complaints received and how they are dealt with.</p> <p>KPI B6.3: Description of practices relating to observing and protecting intellectual property rights.</p> <p>KPI B6.4: Description of quality assurance process and recall procedures.</p>	<p>Customer services</p> <p>The products and services provided by the Group do not involve health and safety</p> <p>Customer services</p> <p>Technological innovation</p> <p>Customer services</p> <p>The products and services provided by the Group do not involve recycling</p>
Aspect B7: Anti-corruption	<p>KPI B6.5: Description of consumer data protection and privacy policies, and how they are implemented and monitored.</p> <p>General Disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.</p> <p>KPI B7.1: Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.</p> <p>KPI B7.2: Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.</p> <p>KPI B7.3: Description of anti-corruption training provided to directors and staff.</p>	<p>Safety management</p> <p>Corporate governance</p> <p>Corporate governance</p> <p>Corporate governance</p> <p>Corporate governance</p>
<b>Community</b> Aspect B8: Community Investment	<p>General Disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.</p> <p>KPI B8.1: Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).</p> <p>KPI B8.2: Resources contributed (e.g. money or time) to the focus area.</p>	<p>Community services</p> <p>Community services</p> <p>Community services</p>