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

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 0696)

CONTINUING CONNECTED TRANSACTIONS: SOUTHERN AIRLINES TRANSACTIONS

References are made to the announcement of the Company dated 14 December 2011 and the circular of the Company dated 6 January 2012 in relation to, among other things, the Southern Airlines Transactions. The existing written agreement between ACCA and Southern Airlines in relation to the Southern Airlines Transactions will expire on 31 December 2014.

On 28 November 2014, ACCA and Southern Airlines entered into the Southern Renewal Agreement, pursuant to which ACCA has agreed to provide the computer system application and support services and the passenger and cargo accounting and settlement services to Southern Airlines for a term of two years ending 31 December 2016 upon the expiry of the existing written agreement.

Southern Air is a substantial Shareholder of the Company. Southern Airlines, being a subsidiary of Southern Air, is an associate of Southern Air. Therefore, Southern Airlines is a connected person of the Company. The Southern Airlines Transactions constitute continuing connected transactions of the Company.

Since the highest applicable Percentage Ratio calculated with reference to the Proposed Annual Caps under the Southern Renewal Agreement is more than 0.1% but less than 5%, the Southern Airlines Transactions are subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirement of Chapter 14A of the Listing Rules.

1. BACKGROUND

References are made to the announcement of the Company dated 14 December 2011 and the circular of the Company dated 6 January 2012 in relation to, among other things, the Southern Airlines Transactions. The existing written agreement between ACCA and Southern Airlines in relation to the Southern Airlines Transactions will expire on 31 December 2014.

On 28 November 2014, ACCA and Southern Airlines entered into the Southern Renewal Agreement, pursuant to which ACCA has agreed to provide the computer system application and support services and the passenger and cargo accounting and settlement services to Southern Airlines for a term of two years ending 31 December 2016 upon the expiry of the existing written agreement.

2. SOUTHERN AIRLINES TRANSACTIONS UNDER THE SOUTHERN RENEWAL AGREEMENT

- Parties: Service provider: ACCA
- Service recipient: Southern Airlines
- Term: 1 January 2015 to 31 December 2016
- Services: The scope of technology services consists of the following: –
- (i) Computer system application and support services — the main services provided by ACCA include the provision, support and maintenance of application system products in respect of both international and domestic passengers revenue accounting system, international and domestic cargo revenue accounting system, passengers commercial analysis system, cargo commercial analysis system and passenger sales channel management system, etc.
 - (ii) Passenger and cargo accounting and settlement services — the main services provided by ACCA include passengers and cargo auditing accounting and billing accounting, passengers sales auditing, bills collection as well as international and domestic settlement services.

Service fees:

- (i) Charge rates of computer system application and support services are determined by negotiation with reference to the costs and specifications of the relevant type of services provided. Service fees for revenue accounting systems vary depending on the transaction volume (i.e. the higher the transaction volume, the lower the rate). The rate of unit price for revenue accounting systems for domestic passengers and for domestic cargo are no more than RMB0.4 and RMB1.8, respectively. The rate of unit price for revenue accounting systems for international passengers and for international cargo are no more than RMB1.65 and RMB5.2, respectively. The service fees for passenger commercial analysis system and cargo commercial analysis system generally consist of the following: (a) a fixed monthly fee for usage and operation maintenance for commercial analysis system products; (b) a one-off system implementation fee of RMB100,000; and (c) a commercial development fee of RMB2,000 per person per day. The service fees for passenger sales channel management system consist of the following: (a) a technology support fee which is no more than RMB1,200,000 based on different levels of annual passenger volume; (b) a one-off system implementation fee which is no more than RMB100,000 based on different levels of annual passenger volume; and (c) a commercial development fee of RMB2,000 per person per day.
- (ii) The fees of passengers and cargo accounting and settlement services are determined by negotiation with reference to the rates and rules prescribed in the relevant document issued by the CAAC. The prices of the provision of the various accounting/settlement services are generally based on the percentage rates of the total accounting/settlement amount, and the prices for the provision of passengers sales auditing services are generally based on transaction volume times unit price.

3. HISTORICAL TRANSACTION RECORDS

Set out below is a summary of the aggregated amounts of the Southern Airlines Transactions for the three years ended 31 December 2013 and nine months ended 30 September 2014:

	Year ended 31 December			Nine months ended
	2011	2012	2013	30 September 2014
				RMB: '000
Southern Airlines Transactions	44,279.0 (approximately HK\$55,791,540)	50,034.95 (approximately HK\$63,044,037)	51,710.25 (approximately HK\$65,154,915)	45,035.09 (approximately HK\$56,744,213)

Note: the historical transaction figures for the years ended 2011, 2012 and 2013 are audited figures of the Group and the figure for the nine months ended 30 September 2014 is internal management account figure.

4. PROPOSED ANNUAL CAPS AND BASIS FOR THE PROPOSED ANNUAL CAPS

4.1 Proposed Annual Caps

Set out below is a summary of the Proposed Annual Caps for the Southern Airlines Transactions proposed for the two years ending 31 December 2016:

	Year ending 31 December	
	2015 (RMB)	2016 (RMB)
Southern Airlines Transactions	68,386,806 (approximately HK\$86,167,376)	78,644,826 (approximately HK\$99,092,481)

4.2 Basis of the Proposed Annual Caps for the Southern Airlines Transactions

The Proposed Annual Caps represent an estimated annual growth rate of 15% in the transaction volume calculated based on the Company's audited full year transaction amount of 2013. The Proposed Annual Caps for the Southern Airlines Transactions and the estimated 15% annual transaction volume growth rate are determined with reference to (i) the highest annual increment of the historical transaction amounts of such type of transactions between the Group and Southern Airlines for the three years ended 31 December 2013; (ii) taking into account the anticipated growth of the PRC's aviation and travel industry and economy in general; (iii) the expansion of Southern Airlines' businesses from time to time through acquisition of other airlines or establishing more subsidiaries or branches; (iv) a buffer necessary to accommodate the unexpected fluctuation in the annual growth of transaction volume.

5. REASONS FOR AND BENEFITS OF THE SOUTHERN AIRLINES TRANSACTIONS

The provision of the various services as described in the section headed “Southern Airlines Transactions under the Southern Renewal Agreement” is in the ordinary and usual course of business of the Group. The Group will receive service fees for provision of such services and thus such transactions will increase the total revenue of the Group.

The Directors (including the Independent Non-executive Directors) are of the view that the Southern Airlines Transactions are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Southern Airlines Transactions and the Proposed Annual Caps are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

6. IMPLICATIONS UNDER THE LISTING RULES

Southern Air is a substantial Shareholder of the Company. Southern Airlines, being a subsidiary of Southern Air, is an associate of Southern Air. Therefore, Southern Airlines is a connected person of the Company. The Southern Airlines Transactions constitute continuing connected transactions of the Company.

Since the highest applicable Percentage Ratio calculated with reference to the Proposed Annual Caps under the Southern Renewal Agreement is more than 0.1% but less than 5%, the Southern Airlines Transactions are subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders’ approval requirement of Chapter 14A of the Listing Rules.

Mr. Wang Quanhua has abstained from voting on the relevant Board resolution in respect of the Southern Airlines Transactions as he is an employee of Southern Air and a director of Southern Airlines. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Southern Renewal Agreement and none of them has abstained from voting on the relevant Board resolution.

7. GENERAL INFORMATION

Information on the Group

The Group is principally engaged in the provision of aviation information technology services in the PRC as well as provision of accounting, settlement and clearing services and information system development and support services to domestic and worldwide airline companies.

Information on ACCA

ACCA, a wholly owned subsidiary of the Company since 3 March 2009, is principally engaged in the provision of accounting, settlement and clearing services and information system development and support services to commercial airlines and other aviation companies.

Information on Southern Airlines

Southern Airlines is principally engaged in the provision of domestic, Hong Kong and Macau and international passenger, cargo and mail airline services. It is also a company listed on the Main Board of the Stock Exchange.

8. DEFINITIONS

In this announcement, the following expressions shall have the meaning set out below unless the context requires otherwise:–

“ACCA”	Accounting Centre of China Aviation Limited Company (中國航空結算有限責任公司), a wholly-owned subsidiary of the Company
“associate(s)”	have the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CAAC”	中國民用航空局 (Civil Aviation Administration of China)
“Company”	TravelSky Technology Limited, a company incorporated under the laws of the PRC whose shares are listed on the Main Board of the Stock Exchange and whose American depositary shares are traded on the over-the-counter market in the United States of America
“connected person”	has the same meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Percentage Ratio(s)”	the percentage ratio(s) described under Rule 14.07 of the Listing Rules

“PRC”	the People’s Republic of China and, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region and the Macau Special Administrative Region
“Proposed Annual Cap(s)”	the proposed maximum aggregate annual amounts of the Southern Airlines Transactions for each of the two years ending 31 December 2016, as set out in section 4 headed “Proposed Annual Caps and Basis for the Proposed Annual Caps” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholders of the Company
“Southern Air”	China Southern Air Holding Company (中國南方航空集團公司), a substantial shareholder of the Company with a shareholding of 11.94% in the Company as at the date of this announcement
“Southern Airlines”	China Southern Airlines Company Limited (中國南方航空股份有限公司), a subsidiary of Southern Air
“Southern Airlines Transactions”	the continuing connected transactions between the Group and Southern Airlines in relation to the provision of the computer application system and support services and passenger and cargo accounting and settlement services as set out in this announcement
“Southern Renewal Agreement”	the renewal written agreement entered into between Southern Airlines and ACCA on 28 November 2014 in respect of the Southern Airlines Transactions for a term of two years ending 31 December 2016
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	have the same meaning ascribed to it under the Listing Rules
“%”	per cent

For the purpose of this announcement, unless otherwise indicated, the exchange rate at RMB1 = HK\$1.26 has been used, where applicable, for the purpose of illustration only and not constitute a representation that any amount have been, could have been or may be exchanged.

By the order of the Board
TravelSky Technology Limited
Yu Xiaochun
Company Secretary

Beijing, PRC

28 November 2014

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

Executive Directors: Mr. Xu Qiang (Chairman), Mr. Cui Zhixiong and Mr. Xiao Yinhong;

Non-executive Directors: Mr. Wang Quanhua, Mr. Sun Yude and Mr. Cai, Kevin Yang;

Independent non-executive Directors: Mr. Cheung Yuk Ming, Mr. Pan Chongyi and Mr. Zhang Hainan.