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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2014

RESULTS HIGHLIGHTS

- Total revenue amounted to approximately RMB5,336.4 million, representing an increase of approximately 18.3% over Year 2013
- Profit attributable to equity holders of the Company was approximately RMB1,652.6 million, representing an increase of approximately 37.1% over Year 2013
- Earnings per share was RMB0.56
- The Board recommended the distribution of a final cash dividend of RMB0.133 per share for Year 2014

The board of directors (the "**Board**") of TravelSky Technology Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") which have been prepared in accordance with the International Financial Reporting Standards ("**IFRSs**") for the year ended December 31, 2014 ("**Year 2014**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended December 31, 2014
(Amounts expressed in thousands of Renminbi ("RMB"), except per share data)

	Note	**2014** *RMB'000*	2013 *RMB'000*
Revenue			
Aviation information technology services		**2,854,335**	2,582,004
Accounting, settlement and clearing services		**432,377**	431,236
System integration services		**1,039,911**	699,558
Data network and others		**1,009,789**	796,513
Total revenues	*3*	**5,336,412**	4,509,311
Operating expenses			
Business taxes and other surcharges		**(20,948)**	(30,790)
Depreciation and amortisation		**(446,931)**	(380,630)
Network usage fees		**(46,511)**	(64,965)
Personnel expenses		**(1,172,783)**	(975,904)
Operating lease payments		**(159,460)**	(148,004)
Technical support and maintenance fees		**(470,085)**	(326,699)
Commission and promotion expenses		**(573,938)**	(460,975)
Costs of software and hardware sold		**(813,165)**	(560,627)
Other operating expenses		**(377,434)**	(327,127)
Total operating expenses		**(4,081,255)**	(3,275,721)
Operating profit		**1,255,157**	1,233,590
Financial income, net		**130,799**	63,945
Government grant		**500,000**	–
Share of results of associated companies		**19,012**	14,884
Profit before taxation	*4*	**1,904,968**	1,312,419
Taxation	*5*	**(213,110)**	(72,780)
Profit after taxation for the year		**1,691,858**	1,239,639
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(2,022)**	(2,073)
Other comprehensive income, net of tax		**(2,022)**	(2,073)
Total comprehensive income for the year		**1,689,836**	1,237,566

	Note	2014	2013
		RMB'000	*RMB'000*
Profit after taxation attributable to			
Owner of the Parent		**1,652,589**	1,205,732
Non-controlling interests		**39,269**	33,907
		1,691,858	1,239,639
Total comprehensive income attributable to			
Owner of the Parent		**1,650,567**	1,203,659
Non-controlling interests		**39,269**	33,907
		1,689,836	1,237,566
Earnings per share for profit attributable to Owner of the Parent			
Basic and diluted (RMB)	*6*	**0.56**	0.41
Cash Dividends	*7*	**389,186**	409,669

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at December 31, 2014

(Amounts expressed in thousands of Renminbi ("RMB"))

	Note	**2014** *RMB'000*	2013 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment, net		**1,987,785**	1,458,073
Lease prepayment for land use right, net		**1,861,307**	1,914,040
Intangible assets, net		**431,674**	201,876
Goodwill		**4,426**	4,166
Investments in associated companies		**178,392**	156,980
Deferred income tax assets		**41,122**	33,622
Due from an associated company		**–**	15,000
Other long-term assets		**27,258**	184,571
Restricted bank deposits		**111,617**	126,080
		4,643,581	4,094,408
Current assets			
Inventories		**15,100**	8,748
Trade receivables, net	*8*	**755,172**	752,996
Due from related parties, net		**2,238,537**	1,852,547
Due from associated companies		**27,735**	36,243
Income tax recoverable		**7,480**	81,109
Prepayments and other current assets		**467,866**	397,957
Held-to-maturity financial assets		**1,210,000**	410,000
Short-term bank deposits		**1,263,307**	1,132,444
Restricted bank deposits		**105,876**	26,258
Cash and cash equivalents		**1,994,953**	2,348,825
		8,086,026	7,047,127
Total assets		**12,729,607**	11,141,535

	Note	2014	2013
		RMB'000	*RMB'000*
EQUITY			
Capital and reserves attributable to Owner of the Parent			
Paid-In capital		**2,926,209**	2,926,209
Reserves		**3,334,380**	3,090,477
Retained earnings			
– Proposed final cash dividend	*7*	**389,186**	409,669
– Others		**3,668,814**	2,651,336
		10,318,589	9,077,691
Non-controlling interests		**257,629**	222,788
Total equity		**10,576,218**	9,300,479
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**19,289**	16,678
Deferred revenue		**3,955**	945
		23,244	17,623
Current liabilities			
Trade payables and accrued liabilities	*9*	**2,003,463**	1,578,891
Due to related parties		**92,810**	192,497
Income tax payable		**14,311**	18,843
Deferred revenue		**19,561**	33,202
		2,130,145	1,823,433
Total liabilities		**2,153,389**	1,841,056
Total equity and liabilities		**12,729,607**	11,141,535
Net current assets		**5,955,881**	5,223,694
Total assets less current liabilities		**10,599,462**	9,318,102

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("the IASB") and under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

2. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New and amended standards adopted by the group

The IASB has issued a number of amendments to IFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IFRS 10, IFRS 12 and IAS 27, Investment Entities
- Amendments to IAS 32, Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS 36, Recoverable Amount Disclosures for Non-Financial Assets

The Group has not applied any new standard, amendment or interpretation that is not yet effective for the current accounting period.

The impacts of these amendments are discussed below:

- Amendments to IFRS 10, IFRS 12 and IAS 27, Investment Entities

  Amendments to IFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to IFRS 12 and IAS 27. The amendments to IFRS 12 also set out the disclosure requirements for investment entities.

- Amendments to IAS 32, Offsetting Financial Assets and Financial Liabilities

  The IAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in IAS 32 to settlement systems (such as central clearing house systems). This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy.

- Amendments to IAS 36, Recoverable Amount Disclosures for Non-Financial Assets

  Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash-generating units ("CGU") which had been included in IAS 36 by the issue of IFRS 13. It also enhanced the disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The Group has not early adopted any other standard, amendment or interpretation that has been issued but is not yet effective.

These amendments had no material impact on the Group's financial statements.

3. REVENUE

Revenues primarily comprise the service fees earned by the Group for the provision of the Group's aviation information technology services, accounting, settlement and clearing services, system integration services and related data network services. A major portion of these revenues was generated from the shareholders of the Company.

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting) the following:

	2014	2013
	RMB'000	*RMB'000*
After charging:		
Depreciation	**204,410**	181,109
Amortisation of intangible assets	**163,292**	124,473
Amortisation of leasehold improvements	**26,496**	22,316
Amortisation of lease prepayment for land use right	**52,733**	52,732
Loss on disposal of property, plant and equipment	**3,054**	1,141
Provision for impairment of receivables	**62,619**	12,614
Written off of impairment of receivables	**(2,092)**	–
Costs of software and hardware sold	**813,165**	560,627
Retirement benefits	**98,453**	106,757
Auditors' remuneration	**2,390**	2,111
Contribution to housing benefits		
– current year provision	**60,059**	69,095
– over-provision in respect of prior years	**–**	(20,234)
Research and development expenses	**448,977**	362,473
Staff costs arising from share appreciation rights	**761**	17,992
After crediting:		
Interest income	**(128,333)**	(92,660)
Exchange gain, net	**(2,481)**	(684)

5. TAXATION

	2014	2013
	RMB'000	*RMB'000*
Current tax:		
PRC enterprise income tax expenses	**216,985**	160,021
Over-provision in respect of prior years	**(912)**	(77,952)
Overseas income tax expenses	**1,926**	28
Deferred tax	**(4,889)**	(9,317)
	213,110	72,780

Taxation of the Group except for TravelSky Technology (Hong Kong) Limited, TravelSky Technology (Singapore) Limited, TravelSky Technology (Japan) Limited, TravelSky Technology (Korea) Limited, TravelSky Technology (Europe) GmbH, TravelSky Technology (USA) Ltd., TravelSky R&D USA, INC., TravelSky Technology (Taiwan) Limited and TravelSky Technology Australia Pty. Ltd. is provided based on the tax laws and regulations applicable to the PRC enterprises. The Group provides for the PRC enterprise income tax on the basis of its income for statutory financial reporting purposes, adjusted for income and expense items that are not assessable or deductible for tax purposes. Taxation on overseas profit has been calculated on the assessable profit for the year at the rates of taxation prevailing in the locations in which the Group operates.

Under the Corporate Income Tax Law of the People's Republic of China ("New CIT Law"), in general, the applicable income tax rate of enterprises in China is 25%. Pursuant to relevant requirements, enterprises recognised as "High and New Technology Enterprises" are entitled to a favourable statutory tax rate of 15% according to the New CIT Law. The Company has been approved and certified by relevant authorities as a "High and New Technology Enterprise" since its establishment, and was reviewed to renew the identification of "High and New Technology Enterprise" in accordance with relevant regulatory requirements. In October 2014, the Company was approved and certified as a "High and New Technology Enterprise" again. The relevant taxation authority has confirmed in writing that, as a High and New Technology Enterprise, the Company may use a preferential tax rate of 15% in computing corporate income tax from 2014 to 2016.

In addition to the recognised "High and New Technology Enterprise", enjoying a preferential income tax rate of 15%, if an enterprise is approved and certified by relevant regulatory authorities as "Important Software Enterprise" under the National Planning Layout for the year, it can further enjoy a preferential income tax rate of 10%. According to the relevant regulations, the difference between the tax amount paid at the rate of 15% and the tax amount calculated at the preferential tax rate of 10% will be refunded to the relevant enterprises after the relevant period, and will be correspondingly reflected in the profit or loss account of the enterprise when it is refunded.

On January 2, 2014, the Company obtained the certificate for "Important Software Enterprise" under the National Planning Layout for Year 2013 and Year 2014. Accordingly the Company has calculated the income tax expense at the tax rate of 10% for Year 2013 and Year 2014. Meanwhile, in October 2013, relevant tax regulatory bodies approved and refunded of the 5% excess income tax paid for Year 2011 to the Company. Such impact was reflected in the corresponding financial statements for Year 2013 of the Company. Details of this have been made in the Company's announcement dated January 2, 2014.

As stated in the fourth paragraph of this note, the Company's corporate income tax expense was provided for at the rate of 10% for the year ended December 31, 2014 pursuant to the relevant requirements.

The Company's subsidiaries in the PRC are entitled to different tax rates, ranging from 15% to 25% under the New CIT Law.

6. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following:

	2014	2013
Earnings (RMB'000)		
Earnings for the purpose of calculating the basic and dilutive earnings per share	**1,652,589**	1,205,732
Numbers of shares ('000)		
Weighted average number of ordinary shares in issue	**2,926,209**	2,926,209
Earnings per share (RMB)		
Basic and dilutive	**0.56**	0.41

There were no potential dilutive ordinary shares outstanding during the year ended December 31, 2014 and 2013.

7. DIVIDENDS DISTRIBUTION

The equity holders approved the distribution of a final dividend of RMB409.7 million (RMB0.14 per share) for Year 2013 in the annual general meeting of the Company held on June 5, 2014. The amount was accounted for in shareholders' equity as an appropriation of retained earnings for the year ended December 31, 2014.

On March 25, 2015, the Board recommended the distribution of a final cash dividend of RMB389.2 million for Year 2014 (RMB0.133 per share). The proposed final dividend distribution is subject to shareholders' approval in the next general meeting of the Company and will be recorded in the Group's financial statements for the year ending December 31, 2015.

8. TRADE RECEIVABLES, NET

As of December 31, 2014 and 2013, the ageing analysis of the trade receivables was as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 6 months	**601,470**	671,501
Over 6 months but within 1 year	**139,296**	72,125
Over 1 year but within 2 years	**82,996**	38,202
Over 2 years but within 3 years	**25,273**	17,021
Over 3 years	**26,663**	14,146
Total trade receivables	**875,698**	812,995
Provision for impairment of receivables	**(120,526)**	(59,999)
Trade receivables, net	**755,172**	752,996

9. TRADE PAYABLES AND ACCRUED LIABILITIES

The ageing analysis of trade payables and accrued liabilities is as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 6 months	**345,135**	333,749
Over 6 months but within 1 year	**27,088**	4,819
Over 1 year but within 2 years	**25,317**	15,958
Over 2 years but within 3 years	**6,613**	4,637
Over 3 years	**12,808**	12,504
Total trade payables	**416,961**	371,667
Accrued liabilities and other liabilities	**1,586,502**	1,207,224
Total	**2,003,463**	1,578,891

10. SEGMENT REPORTING

The Group conducts its business within one business segment – the business of providing aviation information technology and related services in the PRC. The Group's chief decision maker for operation is the Group's general manager. The information reviewed by the general manager is identical to the information presented in the consolidated statement of comprehensive income. No segment consolidated income statement has been prepared by the Group for the year ended December 31, 2014 and 2013. The Group also operates within one geographical segment because its revenues are primarily generated in the PRC and its assets are in majority located in the PRC. Accordingly, no geographical segment data is presented.

2014 BUSINESS REVIEW

As the leading provider of information technology solutions for China's aviation and travel industry, the Company stands at a core tache 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 services providers, travel agencies, travel service distributors, 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, etc.. With more than three decades of tenacious development, the Company has built up a complete industry chain for aviation and travel information technology services, established a relatively comprehensive, competitively priced product line of aviation and travel information technology services with robust functionality, aiming to help all industry participants to expand their businesses, improve service quality, minimise operational costs and enhance operational efficiency, and ultimately bring benefits to travelers.

AVIATION INFORMATION TECHNOLOGY SERVICES

The aviation information technology ("**AIT**") services offered by the Company, which consist of a series of products and solutions, are provided to more than 30 commercial airlines in the PRC and more than 300 foreign and regional commercial airlines. The AIT services comprised electronic travel distribution ("**ETD**") services (including Inventory Control System ("**ICS**") services and Computer Reservation System ("**CRS**") services) and Airport Passenger Processing ("**APP**") services, as well as other extended information technology solutions related to the above core businesses, including but not limited to, product services for supporting aviation alliances, solutions for developing commercial airlines' e-tickets and e-commerce, data services for supporting decision-making of commercial airlines as well as information management system for improvement of ground operational efficiency.

In 2014, the Group's electronic travel distribution (ETD) system processed approximately 424.6 million flight bookings on domestic and overseas commercial airlines, representing an increase of approximately 10.7% over the same period in 2013. Among which, the processed flight bookings on commercial airlines in China increased by approximately 10.7%, while those on foreign and regional commercial airlines increased by approximately 11.3%. The number of foreign and regional commercial airlines with direct links to the CRS systems of the Company reached 116, with sales percentage through direct links exceeding 99.9%. In 2014, apart from the adoption of our APP services by all major commercial airlines in the PRC, more foreign and regional commercial airlines were using the Company's APP system services, multi-host connecting program service and the Angel Cue platform connecting services, resulting in the increase of the number of such users to 101, with approximately 9.6 million of passenger departures processed in 62 airports.

In 2014, the Group further aligned the research and development focus with the industrial trend and customers' demand and continued to enhance its aviation-related information technology services and its extended services, with an aim to fulfill the demand of commercial airlines for the information technology solutions on travel convenience, e-commerce, auxiliary services and international services. As a strategic partner of the Fast Travel project of IATA, the Company has been taking efforts in research and development and innovation in this sector. As the first self-help luggage processing product developed fully based on the IATA standards in North Asia, our self-developed self-help luggage processing system has already been brought into operation in Guangzhou Airport and Tianjin Airport, etc. The commonly used self-service check-in system (CUSS), the Company's self-developed product that conforms to IATA standards, has been launched in 104 major domestic and international airports, and the online check-in service has been applied in 202 airports at home and abroad. Such products and services, together with the mobile check-in service and the newly-developed SMS check-in service, processed a total of approximately 84.1 million departing passengers. Our self-developed mobile application, "Umetrip", has also attracted over 10 million users. The Company provided E-Build (an e-commerce supporting platform) product or relevant overall solutions to 48 commercial e-commerce websites owned by 27 commercial airlines, including the launch of the international B2C and B2B websites in regional or overseas markets for 7 domestic and regional commercial airlines including China Eastern Airlines Corporation Limited and Hong Kong Airlines Ltd. Sales support for auxiliary service, based on the Electronic Miscellaneous Document (EMD) system, was also applied in 14 domestic and regional commercial airlines. The Company implemented the EMD-based applications for fee-charging including re-scheduling of air tickets, overweight baggage, prepaid baggage and seat selection. The Company took the initiative to start the air travel alliance cooperation project to provide the alliance with solutions for seamless transit and passenger protection for the purpose of supporting commercial airlines to fully launch direct sales among the alliance members and providing departure graphic-based front-end service for commercial airlines in a number of overseas stations.

In 2014, as the new-generation civil aviation passenger service information system ("**New Generation System**") jointly researched and developed by the Company and key commercial airlines customers in China entered a stage of full-scale construction and successive delivery, the Company's technical expertise and delivery capability in core system construction was further strengthened. With the new-generation flight management system, which supports O&D revenue management and automatic full flight lifecycle management, being put into operation, the refined revenue management capability and operational efficiency of the customers were enhanced. The new-generation international fare search engine for travelers was put into operation, representing our support for alliance sales in terms of customers' e-commerce channels and an expansion of revenue opportunities. The delivery and implementation of a series of new products, including the revenue integration product which supports team deadline management and the full process graphic-based load planning front-end equipped with automatic trim function, significantly increased customers' recognition of the New Generation System.

ACCOUNTING, SETTLEMENT AND CLEARING SERVICES

The Company 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 (中國航空結算有限責任公司) ("**ACCA**"), a wholly-owned subsidiary of the Company. As the downstream businesses of the Company's principal activities in air travel service distribution and sales, the above businesses strengthened the Company's information technology business in the air transportation and travel industry. Apart from being the world's largest service provider of IATA BSP Data Processing ("**BSP DP**"), ACCA is also the largest provider of outsourced services and system products in revenue 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. In 2014, there were approximately 669.0 million transactions and approximately 277.2 million BSP tickets processed by the accounting, settlement and clearing system of ACCA, while passenger, cargo and postal revenues, miscellaneous fees as well as international and domestic clearing fees settled through our system amounted to approximately USD7.2 billion, and e-payment transaction amounted to approximately RMB15.4 billion.

DISTRIBUTION OF INFORMATION TECHNOLOGY SERVICES

The Group's travel service distribution network comprises nearly 60,000 sales terminals owned by more than 7,000 travel agencies and travel service distributors, with high-level networking and direct links to all GDS around the world and 116 foreign and regional commercial airlines through SITA networks, covering over 400 domestic and overseas cities. The Group rendered technology support and localised services to travel agencies and travel service distributors through more than 40 local distribution centres across China and 9 overseas distribution centres across Asia, Europe, North America and Australia. The network processed over 335.1 million transactions during 2014 with its transaction amount reaching RMB350.8 billion.

In 2014, the Group continued its effort in the optimisation and promotion of the product lines for distribution information technology services and kept on facilitating the research and development of distribution products. Through cooperating with the Ministry of Finance and the Settlement Centre of the Civil Aviation and Administration of China ("**CAAC**"), the "air ticket purchase platform for government departments and enterprises" was completed. To contribute to the cost-savings of the government and the development of civil aviation, more than 20 commercial airlines have become the carriers of the project, and over 100 sales departments of commercial airlines and over 1,000 agent users have joined the purchase platform.

AIRPORT INFORMATION TECHNOLOGY SERVICES

In 2014, the Group actively participated in the tendering and bidding of domestic airport information system construction and continued to pursue greater efforts in the development of airport information technology service product lines. Besides guaranteeing the market share of the traditional departure services and products, the Group stepped up its efforts in operating and promoting new products. The security inspection information system from the airport ground operation product line has been promoted to 18 airports including Tianjin Airport, Nanjing Airport and Nanning Airport. The airport passenger and luggage information busbar has been promoted to 16 airports including Xiamen Airport, Huhehot Airport and Qinhuangdao Airport. The self-help check-in system (CUSS) from the airport passenger full process service product line has been promoted to 22 airports including Zhuhai Airport, Fuzhou Airport and Changsha Airport. The airport WIFI project based on the internet economic model was implemented in Jinan Airport and Yantai Airport, etc.. Apart from its dominance in the middle-sized and large-sized airports in China, the new generation APP departure front-end system also facilitated China's commercial airlines to launch passenger check-in, transit and connecting flight services in 110 overseas or regional airports, processing approximately 24.8 million passenger departures, and accounting for approximately 85.7% of overseas returning passengers of China's commercial airlines. The service of Angel Lite, a passenger front-end processing system designed and developed for small airports ranking lower than the top 60 airports in terms of passenger throughput in China, was extended to another 12 airports including Liupanshui Airport, Dunhuang Airport and Shihezi Airport.

AIR FREIGHT LOGISTICS INFORMATION TECHNOLOGY SERVICES

In 2014, the Group constantly refined the air freight logistics information technology services, continued optimising the support services provided for the cargo shipping system of Air China Cargo Co., Ltd. and China Cargo Airlines Ltd. and actively promoted the e-reporting business for cargo manifests of China Customs. It also connected a number of medium to large-sized air cargo terminals with its air logistics information platform, and provided data service for 16 domestic and international commercial airlines including LOT Polish Airlines. In 2014, the system handled approximately 15.6 million air freight bills, an increase of 14.7% from the corresponding period in 2013.

TRAVEL PRODUCT DISTRIBUTION SERVICES

In 2014, taking the construction of the travel product distribution platform as the core, the Group strove for the swift development of the low-cost non-aviation business by forging vertical transmission of non-aviation information and data integration. The Group continued to enrich the non-aviation platform resource centre and took greater effort in procuring high quality room resources for prepayment and purchase. It also built a new website for Sohoto.com and a resource website for suppliers, and launched several products, including a distribution mobile booking front-end APP and a WeChat embedded system. The Group distributed 1,058,600 hotel's room-nights through its hotel distribution platform-Sohoto.com during the year, representing an increase of approximately 6.9% as compared with the corresponding period in 2013.

PUBLIC INFORMATION TECHNOLOGY SERVICES

In 2014, the Group leveraged upon the opportunities presented by China's advocated development of strategic and new information service industry. With its continued exploration of customer base and service sectors with a focus on governmental authorities and central enterprises, the Group continued to undertake the outsourced data centre entrustment projects for China Galaxy Securities Company Limited, the information centre under the Ministry of Civil Affairs and China National Pharmaceutical Group Corporation. The Group also won the bidding for several projects, including the vendor system and phase 2 e-ticketing system integration service for the Information Centre under the Ministry of Railways, information system cloud service for the Ministry of Environmental Protection, disaster recovery service for China National Pharmaceutical Group Corporation and development, operation and maintenance service for the judicial auction online bidding platform for cars bearing Beijing license plates under the China Beijing Equity Exchange, for which service delivery has been progressing smoothly. In the meantime, the self-developed Cloud Data Replication (CDR) and Travel Cloud (TCD) products have been refined continuously and brand new versions have been rolled out to serve various customers with good market feedback.

INFRASTRUCTURE

The Group's infrastructure serves to achieve sustainable development for its business. Its objectives are to ensure safety in production, satisfy the needs of business development, adjust system structure and optimise resource allocation by making full use of existing technologies, business and management approaches, so as to improve operation reliability and interference-resistant ability and achieve low cost operation.

In 2014, the Group's ICS (Inventory Control System), CRS, APP, the core open system and the settlement and clearing mainframe systems maintained stable operation. To improve the reliability, potential resources, processing capability and maintenance efficiency of the production system, a combination of technical and managerial means has been employed. The Group improved the performance of the mainframe system in order to implement triage in the systems and operations and optimise high frequency commands. The "Research and Demonstration Project of Air Ticket Transaction Application for Civil Airlines based on Safe and Reliable Fundamental Software" (基於安全可靠基礎軟件的民航客票交易應用研究與示範工程) was recognized as an important technological project of the country – a "Core Electronic Devices, High-end Generic Chips and Basic Software" project – by the Ministry of Industry and Information Technology. The Group completed developing the first version of the centralised monitoring platform system for data centre, and successfully applied for the national electronic information industry development fund by building upon such foundation. The Platform-as-a-Service (PAAS) platform was established to refine the resource delivery procedures. The Group also strengthened technical innovation and cooperation and facilitated equipment localization. The "Implementation Standards on Important Information System Backup and Restoration for Civil Aviation in case of Catastrophe"(民航重要信息系統災難備份與恢復實施規範), which was chiefly drafted and formulated by the Company, was approved and duly published by the CAAC as the standards for the civil aviation industry. Further, the Group refined the safe production management system, rationalized the information security system and designed a safety structure for the New Generation System. By strengthening the information security standards and system and stepping up its efforts in safety threat inspection and contingency skill drills, the Group secured the safe operation of the civil aviation passenger information system in its daily operations and also during the heavy security period around Chinese New year, the convention of meetings of the National People's Congress and the People's Political Consultative Conference, and during the Conference on Interaction and Confidence-Building Measures in Asia and APEC summit.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the financial information of the Group contained in the financial statements (together with the notes thereto) reproduced in this results announcement. The financial statements have been prepared in accordance with IFRSs. The following discussions on the synopsis of historical results do not represent a prediction as to the future business operations of the Group.

For Year 2014, profit before taxation of the Group was approximately RMB1,905.0 million, representing an increase of approximately 45.1% over that in the year ended December 31, 2013 ("**Year 2013**"). Earnings before interests, tax, depreciation and amortization (EBITDA) reached approximately RMB2,223.6 million, representing an increase of approximately 36.4% over that in Year 2013. Profit attributable to equity holders of the Company was approximately RMB1,652.6 million, representing an increase of approximately 37.1% over that in Year 2013.

The basic and diluted earnings per share of the Group in Year 2014 were RMB0.56.

Net Cash Flows and Liquidity

The Group's working capital for Year 2014 mainly came from operating activities. Net cash inflow from operating activities amounted to RMB1,878.1 million.

In Year 2014, the Group had no short-term and long-term bank loans, neither did the Group use any financial instruments for hedging purpose.

As at December 31, 2014, cash and cash equivalents of the Group amounted to RMB1,995.0 million, of which approximately 92.3%, 6.7% and 0.4% were denominated in Renminbi, U.S. dollars and Hong Kong dollars, respectively.

Held-To-Maturity Financial Assets

As at December 31, 2014, the Group held commercial bank financial products in the amount of RMB1,210 million with a yield rate from 3.5% to 5.5%. Such products are principal-protected, fixed income financial products with a maturity of 20 to 183 days, and not redeemable prior to the maturity date.

Charge on Assets

As at December 31, 2014, the Group had no charge on its assets.

Restricted Bank Deposits

As at December 31, 2014, restricted bank deposits in the amount of RMB217.5 million (2013: RMB152.3 million) mainly refers to the deposits placed at designated bank accounts as guarantee deposits to secure, amongst others, the construction of the new operating centre in Beijing.

Capital Expenditure

The capital expenditure of the Group amounted to approximately RMB1,152.2 million in Year 2014, representing an increase of approximately RMB318.0 million as compared to that of approximately RMB834.2 million in Year 2013. The capital expenditure of the Group in Year 2014 consisted principally of upgrade of the existing equipment, development of the new generation aviation passenger service system and promotion of other new businesses, as well as the construction of the new operating centre in Beijing.

The Board estimates that the Group's planned capital expenditure for 2015 will amount to approximately RMB2,206.3 million, which is mainly used for the construction of the new operating centre in Beijing, development of the new generation aviation passenger service system and promotion of other new businesses. The sources of funding for the capital expenditure commitments will include existing cash on hand and internal cash flow generated from operating activities. The Board estimates that the sources of funding of the Group in 2015 will be sufficient for its capital expenditure commitments, daily operations and other purposes.

New Operating Centre in Beijing

The general plan of the new operating centre of the Company in Shunyi District, Beijing and the construction budget plan of its Phase I work were approved at the annual general meeting of the Company held on June 5, 2012 as follows: The new operating centre consists of 18 buildings with a total gross floor area of 533,000 sq. m.. The Phase I work consists of the construction of 13 buildings with a gross floor area of 368,000 sq. m. with an investment budget of RMB3.655 billion (subject to upward/downward adjustment of not more than 10%). (For details, please refer to the circular of the Company dated April 13, 2012 and the announcement of the Company dated June 5, 2012.)

As at the end of 2014, the Phase I work of the new operating centre in Beijing has accumulated an expenditure of approximately RMB832 million, representing 22.8% of the construction budget of the Phase I work. The expenditure in 2014 was approximately RMB476 million. Six buildings under the Phase I work have already been under construction. The production area consists of server building A, a power building and the operating centre, with a gross floor area of approximately 117,000 sq. m., while the office area consists of the headquarters building, the research and development centre and the settlement centre, with a gross floor area of approximately 170,000 sq. m.. In 2015, the construction of the ancillary area will be commenced successively. The required expenditure is expected to be approximately RMB1,375 million, which has been included in the capital expenditure plan of the Company for 2015.

Exchange Risk

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

Gearing Ratio

As at December 31, 2014, the gearing ratio of the Group was approximately 16.9% (2013: 16.5%), which was computed by dividing the total liabilities by the total assets of the Group as at December 31, 2014.

Contingent Liabilities

As at December 31, 2014, the Group had no material contingent liabilities.

Employees

As at December 31, 2014, the total number of employees of the Group was 6,214. Staff costs amounted to approximately RMB1,172.8 million for Year 2014 (2013: RMB975.9 million), representing approximately 28.7% of the total operating expenses of the Group for Year 2014.

The Group has different rates of remuneration for different employees (including executive directors and staff representative supervisors), according to their performance, experience, position and other factors in compliance with the relevant PRC laws and regulations, as amended from time to time. The remuneration of the employees of the Group includes salaries, bonuses and fringe benefits provided in compliance with relevant regulations of the PRC, as amended from time to time, such as medical insurance, pension, unemployment insurance, maternity insurance and housing funds.

In 2007, the Group implemented a corporate annuity scheme (or "**supplementary pension plan**") in accordance with relevant policies of the PRC. According to the corporate annuity scheme, the Group is required to make provision for monthly corporate annuity fees with reference to the total actual salary each month in the previous year and the ratio approved by the relevant authorities of the PRC. It also needs to deposit the annuities in the custody account of corporate annuity fund opened by its custodian. In 2014, the aggregate corporate annuity expenses of the Group amounted to approximately RMB19.1 million (2013: RMB37.1 million).

The Group also provides its employees with opportunities to acquire skills in areas such as the aviation and travel industry, computer information technology and business administration, and provides training on the latest development in areas such as computer information technology, personal qualities, laws, regulations and economics.

Currently, as stipulated by and under the requirements of the regulatory bodies, the independent non-executive directors of the Company are entitled to directors' fee of RMB60,000 or RMB70,000 and allowance for attending meetings per annum, whilst none of the other non-executive directors of the Company receive any remuneration. Any reasonable fees and expenses incurred by all directors during their tenure of service will be borne by the Company. All directors of the Company are entitled to liability insurance purchased by the Company for its directors.

As disclosed in the announcement of the Company dated August 29, 2011, according to the H Share Appreciation Rights Scheme (the "**Scheme**") for certain directors, senior management and employees of the Company adopted by shareholders on June 28, 2011, the Board granted a total of 14,004,000 share appreciation rights to the first batch of incentive recipients which consisted of 56 people in total (of which 3 were executive directors of the Company). Prior approval of the Scheme had been obtained from the State-owned Assets Supervision and Administration Commission of the State Council ("**SASAC**").

In Year 2014, the first tranche of 4,668,000 units and the second tranche of 4,485,000 units out of 14,004,000 units of share appreciation rights have been completely exercised. As at December 31, 2014, one of the executive directors and a senior management staff of the Group resigned due to job allocation. The relevant third tranche of 165,000 units of share appreciation rights of the executive director and the relevant second and third tranche of 224,000 units of share appreciation rights of the senior management staff have been forfeited accordingly.

Distribution of Profit

In Year 2014, according to the Company Law of the People's Republic of China (the "**PRC Company Law**"), relevant laws and regulations, and the articles of association of the Company (the "**Articles**"), the distributable net profit after taxation and minority interest is distributed in the following order:

(i) making up cumulative prior years' losses, if any;

(ii) appropriation to the statutory surplus reserve fund;

(iii) appropriation to the discretionary surplus reserve fund;

(iv) appropriation to the distribution of dividends for ordinary shares.

The appropriation of 10% of its net profit to the discretionary surplus reserve fund for the year ended December 31, 2013 was approved at the annual general meeting held on June 5, 2014. The amount was accounted for in shareholder's equity as a distribution of retained earnings for Year 2014.

The proposed appropriation of 10% of its net profit amounted to RMB141.9 million to the discretionary surplus reserve fund for the year ended December 31, 2014 is subject to shareholders' approval at the forthcoming annual general meeting. Therefore, the amount will be recorded in the Group's financial statements for the year ending December 31, 2015.

PROPOSED DISTRIBUTION OF A FINAL CASH DIVIDEND FOR 2014

On March 25, 2015, the Board proposed the distribution of a final cash dividend of RMB389.2 million, which represented RMB0.133 per share (tax inclusive) for Year 2014 ("**Dividend**"). The total number of shares in issue of the Company which entitles the receipt of those dividends is 2,926,209,589 shares. Upon distribution of the above final dividend, the distributable profit as at December 31, 2014 is approximately RMB2,731.0 million (2013: RMB1,968.9 million).

Pursuant to the Corporate Income Tax Law ("**CIT Law**") and the Implementation Rules of the Corporate Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》), non-resident enterprise shareholders (including enterprise shareholders holding H shares of the Company as defined by the CIT Law) are subject to corporate income tax for their income arising within the PRC territory (including dividends they were entitled to as defined by the CIT Law). The applicable tax rate is 10% and the amount will be withheld by the Company.

Pursuant to relevant laws and regulations such as the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and the Implementation Rules of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》), foreign resident individual shareholders holding share certificates issued in Hong Kong by domestic non-foreign invested enterprises are entitled to relevant tax incentive policies in accordance with the tax treaties signed by countries in which they are domiciled and China and the requirements of the tax arrangement between China and Hong Kong (Macau). As such, dividend income received by individual shareholders holding H shares of the Company is subject to individual income tax at the rate of 10%, and the Company will withhold such amounts.

The Company will submit the above dividend distribution proposal to the forthcoming annual general meeting (the "AGM"). If such proposal is approved at the AGM, the Company will publish an announcement on the matters related to dividend distribution after conclusion of the AGM, including, among other things, the amount of dividend per share in Hong Kong dollar, book closure period, ex-date and dividend payment date.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended December 31, 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its securities.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the accounting policies and practices adopted by the Group and has also discussed certain other matters relating to audit, internal control and financial reporting, including the review of the audited consolidated financial statements of the Group for the Year 2014.

CORPORATE GOVERNANCE PRACTICE

The Board has adopted the code provisions as stipulated in the Corporate Governance Code (the "**Code Provision(s)**") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as the Company's code of corporate governance practices.

In compliance with the principles set out in the Corporate Governance Code, the Board is committed to implementing effective corporate governance policies to ensure that all decisions are made in good faith and in accordance with the principles of transparency, fairness and integrity. With necessary and effective counterbalance, the Group continues to improve its corporate governance structure, so as to raise the quality of supervision and management, and to meet the expectation of its shareholders and the relevant parties.

In 2014, the Company fully complied with the Code Provisions except for Code Provision A.1.1. The Board held only two physical meetings and one meeting by way of circulation of written proposals, and thus deviated from the requirement of Code Provision A.1.1. Nevertheless, the Board effectively performed its duties by considering and deciding on matters that needed to be determined in a timely manner. The Board will try its best to improve the situation and strengthen its effort in holding regular meetings.

2015 OUTLOOK

2015 is not only a year of conclusion for the 12th Five-Year Plan of the Group, but also a critical year of thorough reformation. While the global economy is still undergoing a stage of deep transformational adjustment, the Chinese economy has shifted to a "new normal" characterised by medium-to-high-speed growth. The facilitation of a balanced regional economic development, further reform of state-owned enterprises, promotion of "emerging strategic industries", "modern industry of information technology" and "consumption on information industry", release of potential for consumption structure upgrading, integration of tourism and information technology, development of general aviation, low-cost airlines and airport economy, impact of oil prices, exchange rates and high-speed rail (HSR) network on the civil aviation industry and emergence of new technology, new products, new types of operation and new business models have led to an increasingly complicated market environment for the Group, which is right at the intersection of the civil aviation industry and information service industry. The development path has become more complicated, but precious development opportunities have also appeared.

In 2015, how to prudently assess the situation and take the initiative to ride with the tide so as to lay a solid foundation for substantial development under the "new normal" has become the Group's new topic that needs to be solved. In this regard, with a focus on enhancing the quality and efficiency of development, the Group will adhere to the goal of "becoming one of the world's first-class comprehensive information service enterprises" by implementing its strategies in a planned and orderly manner. The Group will fully strengthen its safety protection, market development, service support and risk prevention capabilities in response to the new conditions, gain pace in adjusting its business layout and regional layout and continuously facilitate innovation in models, management, technology and products. By further reforming the operational management system and exploring to refine the incentive mechanism, the Group hopes to strengthen its development vitality and cultivate an active and progressive atmosphere, thereby enhancing its cohesiveness and execution capability effectively.

ONLINE PUBLICATION OF ANNUAL RESULTS

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

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

Beijing, PRC
March 25, 2015

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

Executive Directors:	*Mr. Cui Zhixiong and Mr. Xiao Yinhong;*
Non-executive Directors:	*Mr. Wang Quanhua, Mr. Cao Jianxiong and Mr. Cai, Kevin Yang;*
Independent non-executive Directors:	*Mr. Cheung Yuk Ming, Mr. Pan Chongyi and Mr. Zhang Hainan.*