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

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

(Stock Code: 00696)

**ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTIONS:
SICHUAN AIRLINES TRANSACTIONS**

Reference is made to the announcement of the Company dated 30 December 2014 in relation to, among other things, the Sichuan Airlines Transactions. The existing written agreement between ACCA and Sichuan Airlines in relation to the Sichuan Airlines Transactions will expire on 31 December 2017.

On 29 December 2017, ACCA and Sichuan Airlines entered into the Sichuan Airlines System Services Agreement, pursuant to which ACCA has agreed to provide the computer system application and support services, the accounting settlement services and the clearing services to Sichuan Airlines for a term of three years ending 31 December 2020 upon the expiry of the existing written agreement.

As at the date of the announcement, Southern Airlines holds more than 30% equity interest in Sichuan Airlines. Southern Airlines is a subsidiary of Southern Holding, the substantial shareholder of the Company. By virtue of its being an associate of Southern Airlines, Sichuan Airlines is a connected person of the Company under the Listing Rules. The Sichuan 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 Sichuan Airlines System Services Agreement is more than 0.1% but less than 5%, the Sichuan Airlines Transactions are subject to the announcement and annual review requirements but exempt from the independent Shareholders' approval requirement of Chapter 14A of the Listing Rules.

1. BACKGROUND

Reference is made to the announcement of the Company dated 30 December 2014 in relation to, among other things, the Sichuan Airlines Transactions. The existing written agreement between ACCA and Sichuan Airlines in relation to the Sichuan Airlines Transactions will expire on 31 December 2017.

On 29 December 2017, ACCA and Sichuan Airlines entered into the Sichuan Airlines System Services Agreement, pursuant to which ACCA has agreed to provide the computer system application and support services, the accounting settlement services and the clearing services to Sichuan Airlines for a term of three years ending 31 December 2020 upon the expiry of the existing written agreement.

2. SICHUAN AIRLINES TRANSACTIONS UNDER THE SICHUAN AIRLINES SYSTEM SERVICES AGREEMENT

Parties: *Service provider:*

ACCA

Service recipient:

Sichuan Airlines

Term: 1 January 2018 to 31 December 2020

The Sichuan Airlines System Services Agreement can be extended for one year from 1 January 2021 to 31 December 2021 if neither ACCA nor Sichuan Airlines disagrees with such extension. The Company will perform its compliance obligation in accordance with the applicable requirements of the Listing Rules as and when appropriate on such extension.

Services: The scope of technology services consists of the following:

- (1) the provision of application systems in relation to passenger transport, which include, among others, (i) domestic and international passengers transport revenue accounting management system, (ii) passenger transport business analysis system; as well as relevant support and maintenance services for the abovementioned system products, which include the systematic infrastructure services required for the operation of application systems, the implementation of application system products, the application support and maintenance for daily operation as well as the customized program development.
- (2) the provision of revenue accounting services, which include, among others, the passenger revenue accounting services (i.e., the passenger billing services, the passenger interline audit services and the UATP settlement services), and the service fee settlement services.
- (3) the international clearing services.

Service fees:

The fees of services are as follows:

- (1) the pricing of the provision of application systems in relation to passenger transport as well as relevant support and maintenance services is as follows:
 - (i) the pricing of the abovementioned provision of domestic and international passengers transport revenue accounting management system and relevant support and maintenance services is determined through arm's length negotiation between ACCA and Sichuan Airlines with reference to the costs and specifications of services to be provided and varies depending on the transaction volume (i.e. the higher the transaction volume, the lower the rate). The rate of unit price for such services is not more than RMB0.6 for domestic passengers and not more than RMB1.65 for international passengers.
 - (ii) the pricing of the abovementioned provision of passenger transport business analysis system and relevant support and maintenance services is determined through arm's length negotiation between ACCA and Sichuan Airlines. Such fees mainly consist of a system implementation fee of RMB2,500 per person per day; a system services fee of not more than RMB240,000 for long-term support and maintenance after system implementation; and a customized development fee of RMB2,500 per person per day.
- (2) the pricing of the abovementioned revenue accounting services is generally calculated based on certain percentage rates, ranging from 0.3% to 0.9% of the total amount involved in the revenue accounting services, depending on each individual type of revenue accounting services.

- (3) for the pricing of the abovementioned international clearing services provided through international platforms, the services fees mainly consist of (i) a fixed annual fee of USD8,000 on the assumption that the transaction amount is not more than USD1 million; (ii) if the transaction amount is above USD1 million but no more than USD10 million, then the exceeding part will be charged at a rate not more than 0.09%; and (iii) if the transaction amount is above USD10 million, then the exceeding part will be charged at a rate not more than 0.06%.

The service fees shall generally be calculated on a monthly basis and shall be settled in cash. Such service fees shall generally be paid on a monthly basis.

The Directors are of the view that the basis of determination of the service fees mentioned above is fair and reasonable.

3. HISTORICAL TRANSACTION RECORDS

Set out below is a summary of the historical transactions amounts between ACCA and Sichuan Airlines under the Sichuan Airlines Transactions for the three years ended 31 December 2016 and the eleven months ended 30 November 2017:

	Year ended 31 December			Eleven months
	2014	2015	2016	ended 30
	(RMB)	(RMB)	(RMB)	November 2017
				(RMB)
Sichuan Airlines	6,849,000	8,177,700	10,714,800	11,210,000
Transactions	(approximately HK\$8,081,820)	(approximately HK\$9,649,686)	(approximately HK\$12,643,464)	(approximately HK\$13,227,800)

Note: The historical transaction figures for the years ended 2014, 2015 and 2016 are audited figures of the Group and the figure for the eleven months ended 30 November 2017 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 Sichuan Airlines Transactions under the Sichuan Airlines System Services Agreement for the three years ending 31 December 2020:

	Year ending 31 December		
	2018 (RMB)	2019 (RMB)	2020 (RMB)
Sichuan Airlines Transactions	15,500,000 (approximately HK\$18,290,000)	16,000,000 (approximately HK\$18,880,000)	19,000,000 (approximately HK\$22,420,000)

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

The Proposed Annual Caps for the Sichuan Airlines Transactions under the Sichuan Airlines System Services Agreement for the three years ending 31 December 2020 and the estimated 11% 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 Sichuan Airlines for three years ended 31 December 2016; (ii) taking into account the anticipated growth of the PRC's aviation and travel industry and economy in general; (iii) the expansion of Sichuan Airlines' business 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 SICHUAN AIRLINES TRANSACTIONS

The provision of the various services as described in the section headed "Sichuan Airlines Transactions under the Sichuan Airlines System Services 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 Sichuan 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 Sichuan 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

As at the date of the announcement, Southern Airlines holds more than 30% equity interest in Sichuan Airlines. Southern Airlines is a subsidiary of Southern Holding, the substantial shareholder of the Company. By virtue of its being an associate of Southern Airlines, Sichuan Airlines is a connected person of the Company under the Listing Rules. The Sichuan 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 Sichuan Airlines System Services Agreement is more than 0.1% but less than 5%, the Sichuan Airlines Transactions are subject to the announcement and annual review requirements but exempt from the independent Shareholders' approval requirement of Chapter 14A of the Listing Rules.

Mr. Yuan Xin'an has abstained from voting on the relevant Board resolution in respect of the Sichuan Airlines Transactions as he is an employee of Southern Holding. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Sichuan Airlines System Services 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 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 Sichuan Airlines

Sichuan Airlines is principally engaged in airline operation in the PRC.

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
“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(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) 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 (as amended from time to time)
“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 annual amounts of the Sichuan Airlines Transactions for each of the three years ending 31 December 2020, 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 shareholder(s) of the Company
“Sichuan Airlines”	Sichuan Airlines Company Limited* (四川航空股份有限公司), an associate of Southern Airlines as at the date of this announcement
“Sichuan Airlines System Services Agreement”	the agreement entered into between Sichuan Airlines and ACCA on 29 December 2017 in respect of the Sichuan Airlines Transactions for a term of three years ending 31 December 2020
“Sichuan Airlines Transactions”	the continuing connected transactions between the Group and Sichuan Airlines in relation to the provision of the computer application system and support services and revenue accounting services and international clearing services as set out in 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 Holding as the date of this announcement
“Southern Holding”	China Southern Air Holding Company* (中國南方航空集團公司), a substantial shareholder of the Company as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	have the same meaning ascribed to it under the Listing Rules
“%”	per cent

* *for identification purposes only*

For the purpose of this announcement, unless otherwise indicated, the exchange rate at RMB1 = HK\$1.18 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
Cui Zhixiong
Chairman

Beijing, PRC

29 December 2017

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

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

Non-executive Directors: Mr. Cao Jianxiong, Mr. Li Yangmin and Mr. Yuan Xin'an;

Independent non-executive Directors: Mr. Cao Shiqing, Dr. Ngai Wai Fung and Mr. Liu Xiangqun.