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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, 2012

RESULTS HIGHLIGHTS

- Total revenue amounted to approximately RMB4,060.5 million, representing an increase of approximately 10.6% over Year 2011
- Profit attributable to equity holders of the Company was approximately RMB1,132.9 million, representing an increase of approximately 8.2% over Year 2011
- Earnings per share was RMB0.39
- The Board recommended the distribution of a final cash dividend of RMB0.133 per share for Year 2012

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, 2012 ("**Year 2012**").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended December 31, 2012
(Amounts expressed in thousands of Renminbi ("RMB"), except per share data)

	Note	**2012** *RMB'000*	2011 *RMB'000*
Revenue			
Aviation information technology services		**2,435,644**	2,259,151
Accounting, settlement and clearing services		**429,534**	380,027
Data network and others		**1,195,340**	1,032,886
Total revenues	*2*	**4,060,518**	3,672,064
Operating expenses			
Business taxes and other surcharges		**(104,176)**	(134,134)
Depreciation and amortisation		**(331,387)**	(406,267)
Network usage fees		**(55,891)**	(54,536)
Personnel expenses		**(854,778)**	(678,338)
Operating lease payments		**(122,217)**	(97,600)
Technical support and maintenance fees		**(211,920)**	(191,965)
Commission and promotion expenses		**(491,398)**	(452,115)
Other operating expenses		**(671,116)**	(474,957)
Total operating expenses		**(2,842,883)**	(2,489,912)
Operating profit		**1,217,635**	1,182,152
Financial income, net		**58,070**	73,595
Share of results of associated companies		**28,503**	27,270
Profit before taxation		**1,304,208**	1,283,017
Taxation	*3*	**(141,615)**	(207,649)
Profit after taxation		**1,162,593**	1,075,368
Other comprehensive income			
Currency translation differences		**126**	(2,471)
Other comprehensive income, net of tax		**126**	(2,471)
Total comprehensive income		**1,162,719**	1,072,897

	Note	**2012**	2011
		RMB'000	*RMB'000*
Profit after taxation attributable to			
Owner of the parent		**1,132,881**	1,047,226
Non-controlling interests		**29,712**	28,142
		1,162,593	1,075,368
Total comprehensive income attributable to			
Owner of the parent		**1,133,007**	1,044,755
Non-controlling interests		**29,712**	28,142
		1,162,719	1,072,897
Earnings per share for profit attributable to Owner of the Parent			
Basic and diluted (RMB)	*4*	**0.39**	0.36
Cash Dividends	*5*	**389,186**	351,145

CONSOLIDATED BALANCE SHEET
as at December 31, 2012
(Amounts expressed in thousands of Renminbi ("RMB"))

	Note	**2012**	2011
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment, net		**896,951**	950,126
Lease prepayment for land use right, net		**1,966,772**	2,019,504
Intangible assets, net		**62,613**	50,938
Goodwill		**4,166**	–
Investments in associated companies		**163,140**	153,835
Deferred income tax assets		**24,588**	11,774
Other long-term assets		**191,585**	11,312
		3,309,815	3,197,489
Current assets			
Inventories		**29,323**	3,548
Trade receivables, net	*6*	**590,791**	431,788
Due from related parties, net		**1,910,716**	1,609,733
Due from associated companies		**41,483**	17,750
Income tax recoverable		**74,491**	1,221
Prepayments and other current assets		**353,699**	261,911
Held-to-maturity financial assets		**800,000**	500,000
Short-term bank deposits		**1,031,362**	2,093,074
Cash and cash equivalents		**1,739,232**	890,174
		6,571,097	5,809,199
Total assets		**9,880,912**	9,006,688

	Note	2012 RMB'000	2011 RMB'000
Equity			
Capital and reserves attributable to Owner of the parent			
Paid-In capital		**2,926,209**	2,926,209
Reserves		**2,891,879**	2,705,429
Retained earnings			
– Proposed final cash dividend		**389,186**	351,145
– Others		**2,055,944**	1,498,573
		8,263,218	7,481,356
Non-controlling interests		**168,430**	145,486
Total equity		**8,431,648**	7,626,842
LIABILITIES			
Non-Current liabilities			
Deferred income tax liabilities		**16,961**	18,252
Current liabilities			
Trade payables and accrued liabilities	*7*	**1,226,449**	1,168,713
Due to related parties		**181,607**	152,758
Income tax payable		**13,853**	33,940
Deferred revenue		**10,394**	6,183
		1,432,303	1,361,594
Total liabilities		**1,449,264**	1,379,846
Total equity and liabilities		**9,880,912**	9,006,688
Net current assets		**5,138,794**	4,447,605
Total assets less current liabilities		**8,448,609**	7,645,094

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with IFRSs 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. 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 and related data network services. A major portion of these revenues was generated from the shareholders of the Company.

3. TAXATION

	2012	2011
	RMB'000	*RMB'000*
Current tax:		
PRC enterprise income tax expenses	**155,707**	209,133
Overseas income tax expenses	**13**	29
Deferred tax	**(14,105)**	(1,513)
	141,615	207,649

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. and TravelSky Technology (Taiwan) Limited is provided based on the tax laws and regulations applicable to PRC enterprises. The Group provides for 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.

In general, the applicable corporate income tax rate of enterprises in China is 25% under the New Corporate Income Tax Law of the PRC ("new CIT Law") enacted from January 1, 2008. Pursuant to relevant requirements, enterprises recognised as "High and New Technology Enterprise" are entitled to a favorable corporate income tax rate of 15%. In September 2011, the Company applied and was approved in principle by relevant authorities as a "High and New Technology Enterprise" and eventually obtained the High and New Technology Enterprise certification in July 2012, and continues to be entitled to the preferential tax rate of 15% from 2011 to 2013.

In addition to the recognised "High and New Technology Enterprise" status, enterprises being approved and certified by relevant tax authorities as "Important Software Enterprise" can further enjoy a preferential corporate income tax rate of 10%. According to the relevant regulations, the differences that resulted from the corporate income tax paid at the rate of 15% over this preferential income tax rate of 10% should be returned to the relevant enterprises subsequently. The "Important Software Enterprise" certification is subject to an annual assessment and approval by the relevant authorities in China. The Company applied for and obtained its "Important Software Enterprise" approval from 2006 to 2010.

On September 24, 2012, the relevant authorities have issued the notice for the application of the assessment of the "Important Software Enterprise" for both 2011 and 2012. On March 21, 2013, the Company has obtained its "Important Software Enterprise" approval certification for year 2011 and 2012, and accordingly, the income tax rate be reduced to 10% for 2012. Furthermore, the Company will immediately apply for the refund of overpayment of 5% income tax in 2011 from relevant tax authorities. Its impact will be reflected in the Company's financial statements for the year when the tax refund has been actually received.

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

4. 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:

	2012	2011
Earnings (RMB'000)		
Earnings for the purpose of calculating the basic and dilutive earnings per share	**1,132,881**	1,047,226
Numbers of shares ('000)		
Weighted average number of ordinary shares in issue *(Note)*	**2,926,209**	2,926,209
Earnings per share (RMB)		
Basic and dilutive	**0.39**	0.36

Note: The shareholders in the annual general meeting of the Company held on June 28, 2011 approved the bonus issue of 975,403,196 new ordinary shares to its shareholders on the basis of one new ordinary share for every two ordinary shares held, by conversion of reserves and retained earnings into paid-in capital.

The Company has completed the legal procedures for the bonus issue on August 10, 2011. The total shares issued by the Company increased from 1,950,806,393 to 2,926,209,589 and the paid-in capital increased from RMB1,950,806,393 to RMB2,926,209,589.

Due to the bonus issue, the number of ordinary shares for the year ended December 31, 2011 for the purpose of calculating earnings per share has been adjusted accordingly.

There were no potential dilutive ordinary shares outstanding as at December 31, 2012 and 2011.

5. DIVIDENDS DISTRIBUTION

The equity holders approved the distribution of a final dividend of RMB351.1 million (RMB0.120 per share) for Year 2011 in the annual general meeting of the Company held on June 5, 2012. The amount was accounted for in shareholders' equity as an appropriation of retained earnings for the year ended December 31, 2012.

As at March 27, 2013, the Board recommended the distribution of a final cash dividend of RMB389.2 million for Year 2012 (RMB0.133 per share). The proposed final dividend distribution is subject to shareholders' approval in their next general meeting and will be recorded in the Group's financial statements for the year ending December 31, 2013.

6. TRADE RECEIVABLES, NET

As of December 31, 2012 and 2011, the ageing analysis of the trade receivables was as follows:

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Within 6 months	**547,816**	392,194
Over 6 months but within 1 year	**34,632**	36,059
Over 1 year but within 2 years	**26,493**	16,165
Over 2 years but within 3 years	**8,960**	4,423
Over 3 years	**20,275**	19,145
Trade receivables	**638,176**	467,986
Provision for impairment of receivables	**(47,385)**	(36,198)
Trade receivables, net	**590,791**	431,788

7. TRADE PAYABLES AND ACCRUED LIABILITIES

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

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Within 6 months	**127,826**	104,785
Over 6 months but within 1 year	**14,300**	1,939
Over 1 year but within 2 years	**11,447**	17,195
Over 2 years but within 3 years	**12,325**	1,036
Over 3 years	**8,880**	9,430
Total trade payables	**174,778**	134,385
Accrued liabilities and other liabilities	**1,051,671**	1,034,328
Total	**1,226,449**	1,168,713

8. 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 statement of comprehensive income. No segment income statement has been prepared by the Group for the year ended December 31, 2012 and 2011. The Group also operates within one geographical segment because its revenues are primarily generated in the PRC and its assets are broadly located in the PRC. Accordingly, no geographical segment data is presented.

2012 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 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 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 the PRC commercial airlines 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 2012, affected by factors such as persistent global economic downturn, slowdown in China's economic growth and fluctuations in oil prices and exchange rates, the growth of the air transportation industry in China slowed down, in response to which the Group has taken various measures. The Group's electronic travel distribution (ETD) system processed approximately 347.0 million flight bookings on domestic and overseas commercial airlines, representing an increase of approximately 8.9% over the same period in 2011. Among which, the processed flight bookings on commercial airlines in China increased by approximately 8.2%, while those on foreign and regional commercial airlines increased by approximately 27.5%. The number of foreign and regional commercial airlines with direct links to the CRS systems of the Company reached 105, with sales percentage through direct links exceeding 99.6%. In 2012, apart from the major domestic commercial airlines that already adopted our APP services, 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 85, with approximately 6.5 million of passenger departures processed in 42 airports.

In 2012, the Group further enhanced its aviation-related information technology services and its extended services and aligned the research and development focus with the industrial trend and customers' demand, with an aim to fulfill the demand of commercial airlines for the information technology solutions on traveler services, auxiliary services, e-commerce and international services. As a strategic partner of the Fast Travel project of IATA, the Company developed self-service products covering all sectors including self-service check-in, self-service baggage processing, self-service document check, self-service endorsement and itinerary printing, self-service boarding and self-service baggage enquiry. The Company supported commercial airlines to achieve the gold award level in the IATA Fast Travel project by providing travelers with full-process self-service services from the point of ticket booking to arrival. The commonly used self-service check-in system (CUSS), which conforms to IATA standards, has been launched in 86 major domestic and international airports, and the online check-in service has been applied in 145 airports at home and abroad. Together with the mobile check-in service and the newly developed SMS check-in service, the number of departing passengers processed with the above check-in services amounted to approximately 50.9 million. The Company provided sales support for auxiliary service based on the Electronic Miscellaneous Document (EMD) for 9 China-based commercial airlines, including Air China Limited, China Southern Airlines Company Limited, China Eastern Airlines Corporation Limited and Hainan Airlines Company Limited. The Company also provided E-Build (an e-commerce supporting platform) product or relevant overall solutions to 24 domestic e-commerce websites owned by 12 China-based commercial airlines. The Company launched the international B2C and B2B websites in 12 regional or overseas markets for 4 domestic and regional commercial airlines including China Eastern Airlines Corporation Limited and Hong Kong Airlines Ltd. The Company supported the exploration of overseas market sales channel of China-based commercial airlines by completing the self-developed international shopping platform, through which customers can search the brand fare and calendar. Upon the completion of providing technological support to Shenzhen Airlines Company Limited and Xiamen Airlines Company Limited for joining aviation alliances, the Company has supported 6 China-based commercial airlines to join aviation alliances.

In 2012, based on the general principles of self-design and group innovation, the Group completed the overall planning and overall structural design of the new-generation aviation passenger service information system ("**New Generation System**"), which determined the direction of the research and development of functional modules of subsequent sub-systems and laid a foundation for the development and establishment stage. The Group further improved the R&D management system of the New Generation System and perfected the management system, R&D workflow and incentive mechanism to enhance the systematicness and scientificalness of project management. Besides enhancing the cooperation with major commercial airlines in China and international counterparts, the Group also focused its strengths and resources on achieving breakthroughs by launching the graphic front-end system for inventory control and overseas departure front-end system, dynamic information services for high-end travelers and sales solutions for auxiliary services for commercial airlines and establishing the sub-systems of the New Generation System in an orderly manner to address urgent problems faced by customers.

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 2012, there were approximately 559.0 million transactions and approximately 250.4 million BSP tickets processed by the Group's accounting, settlement and clearing system, while passenger, cargo and postal revenues, miscellaneous fees as well as international and domestic clearing fees settled through our system amounted to approximately USD5.6 billion.

In 2012, the Group continued to facilitate business extension and market expansion by stepping up effort in the research and development of its accounting, settlement and clearing system and market promotion. Following the introduction of our new-generation revenue management system for international passengers in major domestic commercial airlines in 2011, the joining of Singapore Airlines Limited marked a breakthrough in the promotion of the system to the international market. The BSP data processing business in Japan has also been transferred to the Company successfully. Meanwhile, the Company has strengthened its strategic cooperation with the Settlement and Clearance Center of the Civil Aviation Administration of China (CAAC) and IATA, providing the former with technological development services for Phase II of their unified accounting and settlement platform while being appointed by the latter as the sole operator of the global New Generation BSP Data Processing System. As a working team member for IATA's Simplify Interline Settlement (SIS), the Company actively engaged in formulation of simplified interline standards and took the lead among global peers to complete SIS renovation in four major systems, namely passenger, cargo, service fees and Universal Air Travel Plan (UATP), which has helped Air China Limited to become one of the first 13 commercial airlines using SIS in the world. The new-generation Miscellaneous Charge Accounting System (MCAS), developed based on airport accounting and settlement business, has commenced operation, handling billing of service fees for all domestic airports with international business, as well as auditing of foreign airport service fees for all domestic airlines with international flights. The system involved a large number of airlines and airports and was difficult to be brought into operation. The successful commencement of operation of such businesses has enhanced the standard of the Group's airport accounting and settlement services.

Distribution of Information Technology Services

The Group's travel service distribution network comprises nearly 60,000 sales terminals owned by more than 6,000 travel agencies and travel service distributors, with high-level networking and direct links to all GDS around the world and 105 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 centers across China and 7 overseas distribution centers across Asia, Europe and North America. The network processed over 263.4 million transactions during 2012 with its transaction amount up to RMB296.3 billion.

In 2012, the Group continued its effort in the improvement and promotion of the product lines for distribution information technology services, establishing full process solutions ranging from flight ticket reservation to payment, and developed new functions of TravelWeb front-end business system such as itinerary printing and unified platform. In addition, BlueSky products were applied in more than 100 agents. The Group set up a key account service information platform, improved the Key Account In-House service system and provided key account service protection for 100 agencies in China. The Group also continued establishing strategic cooperation with several world renowned travel management firms, including American Express, Carlson Wagonlit Travel, and Hogg Robinson Group.

Airport Information Technology Services

In 2012, apart from enhancing the integrated marketing capability of airport information technology service product lines, the Group also further improved the research and development and design of its products. The maturity of products, such as the Airport Message Broker (AMB) platform, facilitated the sustainable development of the airport information technology services. Airport ground operation products, including AMB, have been promoted to 6 airports including Shijiazhuang Airport and Hangzhou Airport. TUMS Information System, which is a Type B Message Service product, has been promoted to 3 airports including Sanya Airport. Airport security check information system products have been promoted to 7 airports including Beijing Nanyuan Airport, Guiyang Airport and Shenyang Airport. Airport data service products have been promoted to 8 airports including Urumqi Airport, Chongqing Airport and Qingdao Airport. The new generation APP departure front-end system has a dominating role in large-to-medium sized airports in China. The system facilitated China's commercial airlines to launch passenger check-in, transit and connecting flight services in 99 overseas or regional airports, processing approximately 17.7 million passenger departures, and accounting for approximately 85.1% 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 3 airports including Zunyi Airport and Zhangjiakou Airport.

Air Freight Logistics Information Technology Services

In 2012, the Group optimised the existing customer system support services while endeavouring to promote the air freight logistics information technology services to the market. The air logistics information platform covered 90 air cargo terminals, serving 15 domestic and international commercial airlines. The Group won the bidding for the cargo shipping system upgrade project from Air China Limited and the international cargo shipping project from Hainan Airlines Company Limited. The data linkage project realised mutual linkage with major medium-to-large sized air cargo terminals in China and large agents such as Sinotrans and DHL. The Group also provided data services to domestic and international commercial airlines, including China Eastern Airlines Corporation Limited, Shandong Airlines Co., Ltd. and Evergreen International Airlines. The Group obtained the IATA Cargo 2000 certification (the industrial quality management standard and process improvement project run by IATA for the worldwide air cargo industry) and became a potential regional industrial member of the Cargo 2000. In 2012, these systems processed approximately 10.2 million cargo airway bills, representing an increase of 27.5% as compared with the corresponding period of 2011.

Travel Product Distribution Services

In 2012, the Group further enhanced the hotel informationisation platform and continued to research and develop products for a number of areas, including hotel information sources, travel agency products and trading platform, aiming to achieve flawless flow of information between upstream hotels and hotel suppliers and downstream hotel distributors and users and forge direct communication in terms of information with various domestic and overseas leading hotel groups and suppliers. Meanwhile, as competitors stepped up their promotional efforts which gave rise to keener market competition, the Group distributed 1,424,300 hotel's room-nights through its hotel distribution platform-Sohoto.com during the year, representing a decrease of approximately 23.0% as compared with the corresponding period in 2011.

Public Information Technology Services

In 2012, on the basis of in-depth research of the trends and development of the information service industry, the Group further expedited the construction of a public information technology platform and gradually improved the product service systems with a view to creating a community-wide public information service brand. The Group continued exploring customer base and service sectors with a focus on governmental authorities and central enterprises. The Group continued to undertake outsourced entrustment projects of large-scale information centers from the Ministry of Civil Affairs and SASAC Training Centre, commenced the outsourced project of information system technology for the Central Government Procurement Center and the outsourced entrustment project of the data center for China National Pharmaceutical Group Corporation, and expanded the capacity of outsourced project of the data center of China Galaxy Securities Company Limited.

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 instruments, so as to improve operation reliability and interference-resistant ability and realise low cost operation.

In 2012, the Group had a solid safety foundation with stable operation in its ICS, CRS, APP, the core open system and the settlement and clearing mainframe systems and continual progress in the construction of Beijing Shunyi New Operating Centre. The Group expanded the capacity of its resources by expanding and optimising the mainframe system, open platform resources and network resources to meet future business development needs. The Group promoted technical innovation and continued to reduce its operational and maintenance costs by adopting the X86 platform and open-source database, increasing the self-guarantee rate of equipment, differentiating network construction and establishing a virtual value-added network. The Group explored the application of new technologies to break through resource bottleneck by devoting resources to the operation of a virtual platform and studying and establishing a privately-owned cloud platform. The Group also strengthened the safe production management system and the safe audit work, optimised various workflow regulations, and stepped up its effort in emergency skill drills. Apart from securing the safe operation of the civil aviation passenger information system during the peak communal time around Chinese New year, the convention of meetings of the National People's Congress and the People's Political Consultative Conference, and during China's National Day Holiday as usual, the Group also delivered satisfactory performance in information security in respect of civil aviation passengers during the 18th National Congress of the Communist Party of China, the London Olympics and the Asia-Europe Expo.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION 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 2012, profit before taxation of the Group was approximately RMB1,304.2 million, representing an increase of approximately 1.7% over that in the year ended December 31, 2011 ("**Year 2011**"). Earnings before interests, tax, depreciation and amortization (EBITDA) reached approximately RMB1,586.9 million, representing a decrease of approximately 2.3% over that in Year 2011. Profit attributable to equity holders of the Company was approximately RMB1,132.9 million, representing an increase of approximately 8.2% over that in Year 2011.

The basic and diluted earnings per share of the Group in Year 2012 were RMB0.39.

Net Cash Flows and Liquidity

The Group's working capital for Year 2012 mainly came from operating activities. Net cash inflow from operating activities amounted to RMB696.7 million.

In Year 2012, the Group had no short-term and long-term bank loans, and the Group did not use any financial instruments for hedging purposes.

As at December 31, 2012, cash and cash equivalents of the Group amounted to RMB1,739.2 million, of which approximately 97.9%, 1.2% and 0.2% were denominated in Renminbi, U.S. dollars and Hong Kong dollars, respectively.

Held-To-Maturity Financial Assets

As at 31 December 2012, the Group held commercial bank financial products in the amount of RMB800 million with a yield rate of 3.99% to 4.60%. Such products are principal-protected, fixed income financial products with a maturity of 6 months, and not redeemable prior to the maturity date.

Charge on Assets

As at December 31, 2012, the Group had no charge on its assets.

CAPITAL EXPENDITURE

The capital expenditure of the Group amounted to approximately RMB423.4 million in Year 2012, representing an increase of approximately RMB271.6 million as compared to that of approximately RMB151.8 million in Year 2011. The capital expenditure of the Group in Year 2012 consisted principally of upgrade of the existing equipment, development of the new generation aviation passenger service system and promotion of other new businesses.

The Board estimates that the Group's planned capital expenditure for 2013 will amount to approximately RMB1,760.2 million, which is mainly 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 2013 will be sufficient for its capital expenditure commitments, daily operations and other purposes.

Exchange Risks

The Group's foreign exchange risk arises from commercial transactions and recognized 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, 2012, the gearing ratio of the Group was approximately 14.7% (2011: 15.3%), which was computed by dividing the total liabilities by the total assets of the Group as at December 31, 2012.

Contingent Liabilities

As at December 31, 2012, the Group had no material contingent liabilities.

EMPLOYEES

As at December 31, 2012, the total number of employees of the Group was 5,291. Staff costs amounted to approximately RMB854.8 million for Year 2012, representing approximately 30.1% of the total operating expenses of the Group for Year 2012.

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 in 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 during preceding 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 2012, the annual corporate annuity of the Group amounted to approximately RMB30.0 million (2011: RMB25.2 million).

Currently, none of the non-executive directors of the Company receive any remuneration. Nevertheless, any reasonable fees and expenses incurred by the non-executive directors during their tenure of service will be borne by the Company. Independent non-executive directors of the Company receive director's fees, which is determined by reference to the prevailing market price, and that any reasonable fees and expenses incurred by independent non-executive 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 directors.

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

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, the adoption of which was approved 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**").

Distribution of Profit

In Year 2012, according to the Company Law of the People's Republic of China (the "**PRC Company Law**"), related 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, 2011 was approved in the annual general meeting held on June 5, 2012. The amount was accounted for in shareholder's equity as a distribution of retained earnings for Year 2012.

The proposed appropriation of 10% of its net profit amount to RMB97.4 million to the discretionary surplus reserve fund for the year ended December 31, 2012 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, 2013.

PROPOSED DISTRIBUTION OF A FINAL CASH DIVIDEND FOR YEAR 2012

On March 27, 2013, the Board proposed the distribution of a final cash dividend of RMB389.2 million, which represented RMB0.133 per share (tax inclusive) for Year 2012 ("**Dividend**"). The total number of shares in issue 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, 2012 is approximately RMB1,551.4 million (2011: RMB1,153.0 million).

Pursuant to the 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 an enterprise income tax for its 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 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 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 arrangements signed by countries in which they are domiciled 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 are 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 the 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, 2012, 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 policy and practice 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 2012.

CORPORATE GOVERNANCE PRACTICE

The Board has adopted the code provisions as stipulated in the Corporate Governance Code (the "Code Provisions") 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 Company 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 2012, the Company fully complied with the Code Provisions except for Code Provisions A.1.1, A.1.7, D.1.1 and D.1.2. In 2012, the Board held only two physical meetings, and thus deviated from the requirement of Code Provision A.1.1. However, the Board held another two meetings through written resolutions in which the directors have expressed their opinions in writing and matters that needed to be determined have been reviewed, considered and decided in a timely manner. The directors have therefore effectively performed their duties. In 2012, the Company slightly deviated from the requirement of A.1.7 by considering two connected transactions through written resolutions in December 2012 due to time constraint. The parties to these connected transactions were substantial shareholders of the Company and their associates and the transactions were conducted on normal commercial terms in the ordinary and usual course of business of the Company. None of the directors of the Company was materially interested in such transactions, but certain directors abstained from voting on the transactions due to holding of concurrent positions in the Company and the transaction parties. For details of the transactions, please refer to the announcements of the Company dated December 27, 2012 and January 10, 2013. The Articles set out the respective duties of the Board and the General Manager. However, the Company has not formulated separate specific written guidelines in respect of other duties and authority delegated to the management, which deviates from Code Provisions D.1.1 and D.1.2. Currently, the Board grants special authority to the management for approval or execution of certain types of matters or events based on actual requirements and the Board is of the opinion that the current arrangement does not prejudice the interests of the Company. The Company will endeavor to improve the situations which caused the above deviations so as to comply with the Code Provisions.

2013 OUTLOOK

2013 is a critical year for the 12th Five-Year Plan of the Group to leverage on its past experience and prepare for future development. On the one hand, the development in China is still in a critical period of strategic opportunities. The Opinions of the State Council on Promoting the Development of the Civil Aviation Industry (《國務院關於促進民航業發展的若干意見》) further acknowledged the strategic position of the civil aviation industry. As the second largest air passenger traffic market and the third largest air freight market in the world, the aviation market in China still possesses the highest development potential in the world. All of the above has laid a solid market foundation for the development of the Group. On the other hand, with the continuous complications and possible slow-growth tendency in the global economy, China still faces the pressure of economic downturn. The continuous impact of the fluctuations in oil prices and exchange rates and the high-speed rail (HSR) network on the civil aviation industry, the change in demand for information technology solutions due to the keener competitions among commercial airlines, the opening trend of GDS market together with the ever-changing new technology and new business modes are also challenging the sustainable development of the Group.

As such, in 2013, guided by the scientific perspective on development, the Group will persist in achieving its goal of becoming one of the world's first-class comprehensive information service enterprises by following its development direction, riding on development opportunities and actively responding to challenges. The Group will strive to ensure consistent safety in production and operation, quicken its pace in technical upgrade and management transformation as well as accelerate the implementation of strategic measures to further enhance the quality of development. Firstly, the Group will strengthen its technological innovation capability and perfect the research and development management system. The Group will continue to promote the combination of industry, academy and research by establishing a sound incentive system for technological innovations and enhancing the management of scientific research achievements and intellectual properties. Secondly, the Group will accelerate the construction of major projects, such as the new operating centre in Shunyi District, Beijing, by strengthening the leadership, organisational management and project management of major projects, enhancing decision-making efficiency and developing a professional team to implement the projects. Thirdly, the Group will devote its effort to transformation and upgrading work as well as market development and set up a parent-subsidiary company system to continue to step up its market development efforts. Fourthly, the Group will enhance its management level by further standardising plan management and budget management and improve its systems on the basis of scientific management concepts. Fifthly, the Group will improve the work atmosphere by promoting a "can-do" spirit and professional dedication and emphasizing unity and collaboration.

CHANGE IN THE WEBSITE OF THE COMPANY

The website of the Company established in accordance with Rule 2.07C(6)(a) of the Listing Rules has been changed from http://travelsky.todayir.com to www.travelskyir.com with effect from March 27, 2013.

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the new website of the Company (www.travelskyir.com).

By the order of the Board
TravelSky Technology Limited
Xu Qiang
Chairman

Beijing, PRC
March 27, 2013

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. Xu Zhao;*
Independent Non-executive Directors:	*Mr. Cheung Yuk Ming, Mr. Zhou Deqiang and Mr. Pan Chongyi.*