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, 2013

RESULTS HIGHLIGHTS

- Total revenue amounted to approximately RMB4,509.3 million, representing an increase of approximately 11.1% over Year 2012
- Profit attributable to equity holders of the Company was approximately RMB1,205.7 million, representing an increase of approximately 6.4% over Year 2012
- Earnings per share was RMB0.41
- The Board recommended the distribution of a final cash dividend of RMB0.140 per share for Year 2013

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, 2013 ("**Year 2013**").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended December 31, 2013
(Amounts expressed in thousands of Renminbi ("RMB"), except per share data)

	Note	**2013** *RMB'000*	2012 *RMB'000*
Revenue			
Aviation information technology services		**2,582,004**	2,435,644
Accounting, settlement and clearing services		**431,236**	429,534
Data network and others		**1,496,071**	1,195,340
Total revenues	*2*	**4,509,311**	4,060,518
Operating expenses			
Business taxes and other surcharges		**(30,790)**	(104,176)
Depreciation and amortisation		**(380,630)**	(331,387)
Network usage fees		**(64,965)**	(55,891)
Personnel expenses		**(975,904)**	(854,778)
Operating lease payments		**(148,004)**	(122,217)
Technical support and maintenance fees		**(326,699)**	(211,920)
Commission and promotion expenses		**(460,975)**	(491,398)
Other operating expenses		**(887,754)**	(671,116)
Total operating expenses		**(3,275,721)**	(2,842,883)
Operating profit		**1,233,590**	1,217,635
Financial income, net		**63,945**	58,070
Share of results of associated companies		**14,884**	28,503
Profit before taxation		**1,312,419**	1,304,208
Taxation	*3*	**(72,780)**	(141,615)
Profit after taxation for the year		**1,239,639**	1,162,593
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(2,073)**	126
Other comprehensive income, net of tax		**(2,073)**	126
Total comprehensive income for the year		**1,237,566**	1,162,719

	Note	**2013**	2012
		RMB'000	*RMB'000*
Profit after taxation attributable to			
Owner of the Parent		**1,205,732**	1,132,881
Non-controlling interests		**33,907**	29,712
		1,239,639	1,162,593
Total comprehensive income attributable to			
Owner of the Parent		**1,203,659**	1,133,007
Non-controlling interests		**33,907**	29,712
		1,237,566	1,162,719
Earnings per share for profit attributable to Owner of the Parent			
Basic and diluted (RMB)	*4*	**0.41**	0.39
Cash Dividends	*5*	**409,669**	389,186

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at December 31, 2013
(Amounts expressed in thousands of Renminbi ("RMB"))

	Note	**2013**	2012
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment, net		**1,458,073**	896,951
Lease prepayment for land use right, net		**1,914,040**	1,966,772
Intangible assets, net		**201,876**	62,613
Goodwill		**4,166**	4,166
Investments in associated companies		**156,980**	163,140
Deferred income tax assets		**33,622**	24,588
Due from an associated company		**15,000**	–
Other long-term assets		**184,571**	191,585
Restricted bank deposits		**126,080**	–
		4,094,408	3,309,815
Current assets			
Inventories		**8,748**	29,323
Trade receivables, net	*6*	**752,996**	590,791
Due from related parties, net		**1,852,547**	1,910,716
Due from associated companies		**36,243**	41,483
Income tax recoverable		**81,109**	74,491
Prepayments and other current assets		**397,957**	353,699
Held-to-maturity financial assets		**410,000**	800,000
Short-term bank deposits		**1,132,444**	1,031,362
Restricted bank deposits		**26,258**	–
Cash and cash equivalents		**2,348,825**	1,739,232
		7,047,127	6,571,097
Total assets		**11,141,535**	9,880,912

	Note	2013	2012
		RMB'000	*RMB'000*
Equity			
Capital and reserves attributable to Owner of the Parent			
Paid-In capital		**2,926,209**	2,926,209
Reserves		**3,090,477**	2,891,879
Retained earnings			
– Proposed final cash dividend	*5*	**409,669**	389,186
– Others		**2,651,336**	2,055,944
		9,077,691	8,263,218
Non-controlling interests		**222,788**	168,430
Total equity		**9,300,479**	8,431,648
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**16,678**	16,961
Deferred revenue		**945**	–
		17,623	16,961
Current liabilities			
Trade payables and accrued liabilities	*7*	**1,578,891**	1,226,449
Due to related parties		**192,497**	181,607
Income tax payable		**18,843**	13,853
Deferred revenue		**33,202**	10,394
		1,823,433	1,432,303
Total liabilities		**1,841,056**	1,449,264
Total equity and liabilities		**11,141,535**	9,880,912
Net current assets		**5,223,694**	5,138,794
Total assets less current liabilities		**9,318,102**	8,448,609

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with IFRSs issued by International 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. 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

	2013	2012
	RMB'000	*RMB'000*
Current tax:		
PRC enterprise income tax expenses	**160,021**	155,707
Over-provision in respect of prior years	**(77,952)**	–
Overseas income tax expenses	**28**	13
Deferred tax	**(9,317)**	(14,105)
	72,780	141,615

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 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 favorable 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. 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 2011 to 2013.

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. 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.

The Company's subsidiaries in the 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:

	2013	2012
Earnings (RMB'000)		
Earnings for the purpose of calculating the basic and dilutive earnings per share	**1,205,732**	1,132,881
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	**0.41**	0.39

There were no potential dilutive ordinary shares outstanding as at December 31, 2013 and 2012.

5. DIVIDENDS DISTRIBUTION

The equity holders approved the distribution of a final dividend of RMB389.2 million (RMB0.133 per share) for Year 2012 in the annual general meeting of the Company held on June 18, 2013. The amount was accounted for in shareholders' equity as an appropriation of retained earnings for the year ended December 31, 2013.

As at March 24, 2014, the Board recommended the distribution of a final cash dividend of RMB409.7 million for Year 2013 (RMB0.140 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, 2014.

6. TRADE RECEIVABLES, NET

As of December 31, 2013 and 2012, the ageing analysis of the trade receivables was as follows:

	2013	2012
	RMB'000	*RMB'000*
Within 6 months	**671,501**	547,816
Over 6 months but within 1 year	**72,125**	34,632
Over 1 year but within 2 years	**38,202**	26,493
Over 2 years but within 3 years	**17,021**	8,960
Over 3 years	**14,146**	20,275
Trade receivables	**812,995**	638,176
Provision for impairment of receivables	**(59,999)**	(47,385)
Trade receivables, net	**752,996**	590,791

7. TRADE PAYABLES AND ACCRUED LIABILITIES

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

	2013	2012
	RMB'000	*RMB'000*
Within 6 months	**333,749**	127,826
Over 6 months but within 1 year	**4,819**	14,300
Over 1 year but within 2 years	**15,958**	11,447
Over 2 years but within 3 years	**4,637**	12,325
Over 3 years	**12,504**	8,880
Total trade payables	**371,667**	174,778
Accrued liabilities and other liabilities	**1,207,224**	1,051,671
Total	**1,578,891**	1,226,449

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 consolidated statement of comprehensive income. No segment consolidated income statement has been prepared by the Group for the year ended December 31, 2013 and 2012. 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.

2013 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 2013, benefiting from the mild recovery of the global economy, the stable and improved economy of China, and the stabilized and accelerated development of the air transportation industry in China, the Group's electronic travel distribution (ETD) system processed approximately 385.6 million flight bookings on domestic and overseas commercial airlines, representing an increase of approximately 11.1% over the same period in 2012. 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 19.3%. The number of foreign and regional commercial airlines with direct links to the CRS systems of the Company reached 113, with sales percentage through direct links exceeding 99.8%. In 2013, apart from the adoption of our App services by all major domestic commercial airlines in the PRC, more foreign and regional commercial airlines were using the Company's APP system services, multihost connecting program service and the Angel Cue platform connecting services, resulting in the increase of the number of such users to 93, with approximately 8.1 million of passenger departures processed in 60 airports.

In 2013, 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 traveler services, auxiliary services, e-commerce and international services. As a strategic partner of the Fast Travel project of IATA, the Company completed, as scheduled, the implementation of projects which are compliant with IATA standards, including self-service baggage processing, self-service endorsement etc, and continued to support the leading position of commercial airlines in terms of the industry standards in IATA's Fast Travel area. The "monitoring and management approach of the kiosk and self-service system", as well as "the mobile check-in information subscription system and approach" have both obtained national technology invention patent. The commonly used self-service check-in system (CUSS), the Company's self-developed product that conforms to IATA standards, has been launched in 95 major domestic and international airports, and the online check-in service has been applied in 142 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 61.9 million departing passengers. 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 also implemented the EMD-based applications for fee-charging including re-scheduling of air tickets, overweight baggage, prepaid baggage and seat selection. It has also built a firm technological foundation for the supporting service business of commercial airlines; and the auxiliary income system for supporting commercial airlines in their refined channel management (NewSky) has already been in use in 15 commercial airlines. The Company provided E-Build (an e-commerce supporting platform) product or relevant overall solutions to 27 commercial e-commerce websites owned by 15 commercial airlines, including the launch of the international B2C and B2B websites in regional or overseas markets for 6 domestic and regional commercial airlines including China Eastern Airlines Corporation Limited and Hong Kong Airlines Ltd. The Company also continued to technologically support 6 China-based commercial airlines joining the aviation alliances in their efforts of lining up with the ever-changing international standards set by the respective aviation alliances.

In 2013, based on the general principles of self-design and group innovation, the new-generation aviation passenger service system ("**New Generation System**") entered a stage of full-scale R&D, stressing the combination of technological advancement, customer participation and industry cooperation. Applying new products and new technologies, addressing urgent customer needs and in a modular approach, the Group gradually launched key products and functions, including graphic front-end (Airline GUI) for airline business and load planning (LDP GUI), high performance Seamless Server which can support O&D revenue management, graphic-based automatic flight schedule manager, revenue integrity tools for groups, the EMD-based applications for fee-charging including re-scheduling of air tickets and prepaid baggage, and reaccommodation of flight and travelers.

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 2013, there were approximately 624.3 million transactions and approximately 267.5 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 USD6.5 billion, and e-payment transaction amounted to approximately RMB4.5 billion.

In 2013, the Group continued to consolidate its existing market of accounting, settlement and clearing services and stepped up its efforts in market promotion and system research and development. During the year, 3 commercial airlines including Zhejiang Changlong Airlines Limited and Yunnan Yingan Airlines Co., Ltd., as well as 7 new airport customers with new international routes including Shanghai Pudong Airport and Guizhou Airport Group were added. The Group was also the successful bidder of the e-commerce accounting and settlement management platform project of Air China Limited, providing the newly-launched sales auditing services to it as well as China Southern Airlines Company Limited. As scheduled, the Group also forged ahead with the project of new-generation revenue management system for international passengers in Singapore Airlines Limited (International Passenger Revenue Accounting System, or IPRA) and the project of IATA's global New Generation BSP Data Processing System. As a working team member for IATA's Simplified Interline Settlement (SIS), the Company has helped 7 domestic commercial airlines including China Eastern Airlines Corporation Limited and 3 overseas and regional commercial airlines including Singapore Airlines Limited and Air Macau to bring SIS system into operation, and promoted and implemented Universal Air Travel Plan (UATP)'s weekly clearing, thereby expediting the pace of clearing of funds. The self-developed agency bills online payment (BOP) business has put in place a newly-launched BOP credit facilities product, which has significantly simplified the procedures for purchase of BSP bills by agents, thereby enhancing its operational efficiency.

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 113 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 303.7 million transactions during 2013 with its transaction amount up to RMB323.3 billion.

In 2013, the Group continued its effort in the optimization and promotion of the product lines for distribution information technology services. Taking the online distribution interface product (IBE+) as the core, the Group built a new-generation distribution platform, establishing a full process for the distribution of tickets focusing on ticket sales and covering price quotation, booking, ticketing, return and re-scheduling, itinerary services etc, aiming to satisfy agencies' needs for online distribution business and extended traveler service. The Group also launched new products including Mobile Business Travel Solution (差旅移動) and Front-end Mobile (前端移動), developed new functions including itinerary printing of international flight tickets, online booking tools (OBT) carbon emission statistics, which have enriched the offering covered by the fare of international flights, continued to optimize the Key Account In-House service system and gradually established a strategic customer service system, so as to strengthen the support for customer services.

AIRPORT INFORMATION TECHNOLOGY SERVICES

In 2013, the Group pursued greater efforts in the development of airport information technology service product lines and grasped the opportunities presented by the construction of information systems during the redevelopment and expansion of airports. By integrating marketing, function expansion, and provision of one-stop solutions, the Group endeavoured to undergo its marketing and incubation of demand. The Airport Message Broker (AMB) platform has been promoted to 7 airports including Tonghua Airport and Yiwu Airport, whereas a series of newly-developed products, products of mobile airport operation data monitoring system, have been promoted to 2 airports including Yanji Airport. In addition, products of self-service boarding services have been promoted to 3 airports including Beijing Capital Airport, Guangzhou Airport and Shenzhen Airport, and the Airport Shared Connectivity and Infrastructure Integration (ASCII) system has been promoted to 2 airports including Shenyang Airport and Nanjing Airport. 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 106 overseas or regional airports, processing approximately 20.5 million passenger departures, and accounting for approximately 84.3% 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 8 airports including Huangping Airport and Xiangyang Airport.

AIR FREIGHT LOGISTICS INFORMATION TECHNOLOGY SERVICES

In 2013, apart from optimizing the existing customer system support services, the Group endeavored to promote the air freight logistics information technology services to the market. It successfully implemented the cargo shipping system of Air China Cargo Co., Ltd, won the bidding of the project of cargo shipping system of China Cargo Airlines Ltd., connected 37 medium to large-sized air cargo terminals with its air logistics information platform, and provided data service for 15 domestic and international commercial airlines including Alitalia. In 2013, the system handled approximately 13.6 million air freight bills, an increase of 33.3% from the corresponding period in 2012.

TRAVEL PRODUCT DISTRIBUTION SERVICES

In 2013, the Group further stepped up its efforts in the construction of its hotel informationisation platform, striving for the flawless flow of information among upstream hotels, hotel suppliers and downstream hotel distributors and users. The products under research and development covered hotel information sources, aviation and non-aviation agency front-end products, travel agency products and trading platform etc.. It successfully forged direct communication in terms of information with various domestic and overseas leading hotel groups and suppliers, and created the distribution platform for international hotel and car-renting, thereby connecting and distributing the inventory of Travelport, Intercontinental, Mariott and Hertz car rental. The Group has basically established its system of hotel and travelling products, and expanded the sales channels for its hotel products. Meanwhile, as competitors stepped up their promotional efforts which gave rise to keener market competition, the Group distributed 990,300 hotel's room-nights through its hotel distribution platform-Sohoto.com during the year, representing a decrease of approximately 30.5% as compared with the corresponding period in 2012.

PUBLIC INFORMATION TECHNOLOGY SERVICES

In 2013, leveraging upon the opportunities presented by China's advocated development of strategic and new information service industry, the Group conducted in-depth research of the policies and trends of the industry, and continued to expedite the construction of a public information technology services platform, with a view to creating a community-wide public information service brand with its continued exploration of customer base and service sectors with a focus on governmental authorities and central enterprises. The Group continued to provide outsourced entrustment services of information centers to China Galaxy Securities Company Limited, the information centre under the Ministry of Civil Affairs, SASAC Training Centre, China National Pharmaceutical Group Corporation, and won the bidding for the integration service in respect of electronic passports from the Department of Consular Affairs under the Ministry of Foreign Affairs of China, information system cloud service for the Central Government Procurement Center, operation and maintenance services for the clearing center of Civil Aviation Administration of China, and the information consulting project for China Southern Power Grid Guizhou Company. The self-developed Cloud Data Replication (CDR), and Travel Cloud (TCD) products have been adopted by various customers.

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.

Accordingly, in 2013, the Group expedited its technological advancement, "system configuration intelligence management system and its management approach, a firewall-penetrable approach" have obtained a national technology invention patent; and implemented technological innovation by expanding the mainframe system, and optimization of the application and implementation of departure system, localization of system/network facilities/technology, and centralized monitoring of data center. It also expedited the layout of production resources, and carried on with the construction of the Beijing Shunyi New Operating Centre. Further, the Group strengthened production safety, optimized safe production management system, strengthened safe production and information safety inspection, and stepped up safety audit and various contingency skill drills. With a solid safety foundation throughout the year, and stable operation in its ICS, CRS, APP, the core open system and the settlement and clearing mainframe systems, the Group secured the safe operation of the civil aviation passenger information system in its daily operations and also 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.

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 2013, profit before taxation of the Group was approximately RMB1,312.4 million, representing an increase of approximately 0.6% over that in the year ended December 31, 2012 ("**Year 2012**"). Earnings before interests, tax, depreciation and amortization (EBITDA) reached approximately RMB1,629.8 million, representing an increase of approximately 2.7% over that in Year 2012. Profit attributable to equity holders of the Company was approximately RMB1,205.7 million, representing an increase of approximately 6.4% over that in Year 2012.

The basic and diluted earnings per share of the Group in Year 2013 were RMB0.41.

Net Cash Flows and Liquidity

The Group's working capital for Year 2013 mainly came from operating activities. Net cash inflow from operating activities amounted to RMB1,743.8 million.

In Year 2013, 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, 2013, cash and cash equivalents of the Group amounted to RMB2,348.8 million, of which approximately 95.7%, 3.8% and 0.2% were denominated in Renminbi, U.S. dollars and Hong Kong dollars, respectively.

Held-To-Maturity Financial Assets

As at December 31, 2013, the Group held commercial bank financial products in the amount of RMB410 million with a yield rate from 3.90% to 4.70%. 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, 2013, the Group had no charge on its assets.

Restricted Bank Deposits

As at December 31, 2013, restricted bank deposits in the amount of RMB152.3 million (2012: nil) mainly refers to the deposit 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 RMB834.2 million in Year 2013, representing an increase of approximately RMB410.8 million as compared to that of approximately RMB423.4 million in Year 2012. The capital expenditure of the Group in Year 2013 consisted principally of upgrade of the existing equipment, development of the new generation aviation passenger service system and promotion of other new businesses, and the construction of the new operating centre in Beijing.

The Board estimates that the Group's planned capital expenditure for 2014 will amount to approximately RMB2,458.7 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 2014 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 AGM 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 total 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.)

At the end of 2013, the Phase I work of the new operating centre in Beijing has accumulated an expenditure of approximately RMB0.355 billion, representing 9.7% of the construction budget plan of the Phase I work. The expenditure in 2013 was approximately RMB0.289 billion. Three buildings under the Phase I work have already been under construction. They consist of server building A, a power building and the operating centre of the production area, with a gross floor area of approximately 117,000 sq. m.. The construction progress basically meets the duration of the plan. In 2014, the construction of other buildings such as the headquarters building, the research and development centre and the settlement centre of the Phase I work will be commenced successively. The required expenditure is expected to be approximately RMB1.73 billion, which has been included in the capital expenditure plan of the Company in 2014.

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, 2013, the gearing ratio of the Group was approximately 16.5% (2012: 14.7%), which was computed by dividing the total liabilities by the total assets of the Group as at December 31, 2013.

Contingent Liabilities

As at December 31, 2013, the Group had no material contingent liabilities.

EMPLOYEES

As at December 31, 2013, the total number of employees of the Group was 5,939. Staff costs amounted to approximately RMB975.9 million for Year 2013, representing approximately 29.8% of the total operating expenses of the Group for Year 2013.

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 2013, the annual corporate annuity of the Group amounted to approximately RMB37.1 million (2012: RMB30.0 million).

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.

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 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, 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 2013, 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, 2012 was approved in the annual general meeting held on June 18, 2013. The amount was accounted for in shareholder's equity as a distribution of retained earnings for Year 2013.

The proposed appropriation of 10% of its net profit amounted to RMB102.2 million to the discretionary surplus reserve fund for the year ended December 31, 2013 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, 2014.

PROPOSED DISTRIBUTION OF A FINAL CASH DIVIDEND FOR 2013

On March 24, 2014, the Board proposed the distribution of a final cash dividend of RMB409.7 million, which represented RMB0.140 per share (tax inclusive) for Year 2013 ("**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, 2013 is approximately RMB1,968.9 million (2012: RMB1,551.4 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 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 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 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 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, 2013, 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 2013.

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 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 2013, the Company did not deviate from any Code Provision. The Company has provided the management with corresponding written guidelines in respect of the Board authority, and will review and update on an annual basis to improve the previous deviations from Code Provisions D.1.1 and D.1.2.

2014 OUTLOOK

2014 is a year to make progress for the 12th Five-Year Plan of the Group. It is commonly considered that with the recovery of the global economy albeit its slow pace and the steady progress to be made in China's economy while stability is to be maintained, the fundamental trend of such sound and stable development is anticipated to continue. Additionally, China's advocated "**focused development of emerging strategic industries**", "**development of modern industry of information technology**" and "**initiatives to prompt consumption on information industry**", and its designation of Year 2014 as "**China's Year of Smart Travelling**", has expedited the integrated development of tourism and information technology and will bring enormous opportunities to the development of information technology industry and high-end information service industry, which in turn will lay a solid market foundation for the growth of the Group's existing businesses as well as the exploration of new businesses. Nevertheless, the Group will encounter unprecedented challenges. Under the prevalence of fluctuating oil prices and exchange rates and the persistent impact on the civil aviation industry as the high-speed rail (HSR) network gradually takes shape, commercial airlines are facing more fierce competition from domestic and foreign competitors. Low-cost airlines are emerging in China, and general aviation is poised to blossom, which in turn will contribute to the change in demand for information technology solutions and the relevant service upgrades. Further, the growing call for opening of the GDS market, the fast and sound technological advancement, the ever-emerging business models and the fast-changing competition across industries have further made it more urgent for innovations of technologies as well as business models. All these are pointing to the needs for the Group's adaptation to the new trend, which features market forces and international development, in terms of its concepts of operation, systems and mechanisms, technological capability and service capability.

As such, in 2014, the Group will embrace its goal of "**becoming one of the world's first-class comprehensive information service enterprises**" by pushing ahead amidst difficulties, following the general trend, liberating thoughts, intensifying reforms, promoting development while remaining conservative, thereby further enhancing the quality of development and capability. Firstly, the Group will perfect the research and development management mechanism of its new-generation aviation passenger information service system, by strengthening the leadership, organizational management, technological management, coordination and planning, scientific assessment and allocation of responsibilities, to ensure high efficiency in research and development, orderly implementation of the same, thereby boosting the capability of technological innovations. Secondly, the Group will reform its mechanism of operations management, improve the decision-making process and its efficiency, foster the setting-up of its parent-subsidiary company system, perfect the management of relevant authorized operations and system of classified assessment, renovation in terms of running of new trial businesses in the form of companies and mixed ownership, thereby raising operating efficiency. Thirdly, the Group will expedite the deployment of resources, carry on with the establishment of its domestic system of operations as well as its system for research and development both in China and overseas, expedite the establishment of relevant major construction projects, strengthen project leadership, enhance the competence of professional teams, achieve allocation of responsibilities, prepare for subsequent commencement of production and utilization, thereby laying a solid foundation for sustainable development. Fourthly, the Group will gain pace in its market development by keeping abreast of customer needs and competitive landscape, thinking "out-of-the-box", focusing on the research of a mechanism that encourages market development and product improvement, forming workable solutions, innovating upon business models and service models, and boosting business development capabilities. Fifthly, the Group will step up its efforts in the recruitment and assessment of human resources and relevant incentive mechanisms, establish mechanisms for selecting and hiring people in a market-based approach, enhance the soundness of training and internal flow and promotion of human resources, perfect its position-performance-based remuneration system, examine multiple approaches to equity-based incentive schemes, thereby motivating all of its staff members.

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
Xu Qiang
Chairman

Beijing, PRC
March 24, 2014

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

Executive Directors:	*Mr. Xu Qiang (Chairman), Mr. Cui Zhixiong and Mr. Xiao Yinhong;*
Non-executive Directors:	*Mr. Wang Quanhua, Mr. Sun Yude and Mr. Cai, Kevin Yang;*
Independent non-executive Directors:	*Mr. Cheung Yuk Ming, Mr. Pan Chongyi and Mr. Zhang Hainan.*