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

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 00696)**

**ANNOUNCEMENT**  
**CONTINUING CONNECTED TRANSACTIONS**  
**NEW CHINA CARGO SYSTEM SERVICES AGREEMENT**

Reference is made to the announcement of the Company dated 31 January 2018 in relation to, among other things, the Original China Cargo System Services Agreement between ACCA and China Cargo with respect to the China Cargo Transactions for a term commencing upon 1 February 2018 and ending on 31 December 2019.

In order to renew the China Cargo Transactions, on 31 December 2019, ACCA and China Cargo entered into the New China Cargo System Services Agreement, pursuant to which ACCA has agreed to provide cargo and mail revenue management platform services and agent management platform services to China Cargo. The term of the New China Cargo System Services Agreement will commence upon 1 January 2020 and end on 31 December 2021.

ACCA is a wholly-owned subsidiary of the Company as at the date of this announcement. China Cargo is a subsidiary of Eastern Holding as at the date of this announcement. Eastern Holding is a substantial shareholder of the Company. China Cargo is therefore a connected person of the Company pursuant to the Listing Rules. As such, the transactions under the New China Cargo System Services Agreement constitute continuing connected transactions of the Company.

Since the highest applicable percentage ratio calculated with reference to the Proposed Annual Caps under the New China Cargo System Services Agreement is more than 0.1% but less than 5%, the transactions contemplated under the New China Cargo System Services Agreement and the Proposed Annual Caps are subject to the announcement and annual review requirements but exempt from the independent Shareholders' approval requirement of Chapter 14A of the Listing Rules.

## 1. BACKGROUND

Reference is made to the announcement of the Company dated 31 January 2018 in relation to, among other things, the Original China Cargo System Services Agreement between ACCA and China Cargo with respect to the China Cargo Transactions for a term commencing upon 1 February 2018 and ending on 31 December 2019.

In order to renew the China Cargo Transactions, on 31 December 2019, ACCA and China Cargo entered into the New China Cargo System Services Agreement, pursuant to which ACCA has agreed to provide cargo and mail revenue management platform services and agent management platform services to China Cargo. The term of the New China Cargo System Services Agreement will commence upon 1 January 2020 and end on 31 December 2021.

## 2. CHINA CARGO TRANSACTIONS UNDER THE NEW CHINA CARGO SYSTEM SERVICES AGREEMENT

### 2.1 Details of the China Cargo Transactions under the New China Cargo System Services Agreement

Parties: *Service provider:*  
ACCA

*Service recipient:*  
China Cargo

Terms: The term of the New China Cargo System Services Agreement will commence upon 1 January 2020 and end on 31 December 2021.

Services: ACCA agrees to provide and China Cargo agrees to purchase cargo and mail revenue management platform services and agent management platform services, which mainly include the installation, implementation and adjustment of the cargo and mail revenue management platform and agent management platform; the technical support and application support services for the operation of the cargo and mail revenue management platform and agent management platform; and the customized development, the supervision and maintenance as well as the systematic infrastructure services required for the operation of application systems for the cargo and mail revenue management platform and agent management platform.

- Service fees:
1. The pricing of the abovementioned provision of cargo and mail revenue management platform services is determined through arm's length negotiation between ACCA and China Cargo with reference to the monthly waybills processed by the system. Fees for each waybill handled by the cargo and mail revenue management platform are not more than RMB5.2 for international and regional routes and not more than RMB1.8 for domestic routes depending on the processing volume of waybills.
  2. The pricing of the aforementioned provision of agent management platform services is determined through arm's length negotiation between ACCA and China Cargo, mainly consisting of a system implementation fee of RMB2,500 per person per day; a customized development fee of RMB2,500 per person per day; and a system services fee of RMB100,000 per month.

The service fees for cargo and mail revenue management platform services and agent management platform services shall generally be calculated on a monthly basis and shall be settled in cash. Such services fees shall generally be paid on a monthly basis.

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

## **2.2 Internal Control and Mechanism to Regulate the China Cargo Transactions under the New China Cargo System Services Agreement**

To ensure that the China Cargo Transactions are carried out in accordance with relevant regulatory guidelines and terms as disclosed herein and those to be agreed in the New China Cargo System Services Agreement, the Company has in place the following internal control procedures and mechanism:

Such services under the China Cargo Transactions are provided and carried out through the Company's large scale computerized automated system with pre-set technology parameters based on the pricing terms as agreed under the New China Cargo System Services Agreement. Such parameters mainly include, if applicable, the costs of such services, the business processing volume and unit price. Changes of such pre-set technology specifications can only be made after receiving joint approvals from various internal departments of the Company, which include the business sales department, the market management department and the finance department, thus to ensure that the terms of the China Cargo Transactions under the New China Cargo System Services Agreement are adherent and strictly followed.

Further, the auditors of the Company will conduct annual review of the China Cargo Transactions under the New China Cargo System Services Agreement to confirm that, among other things, such transactions are in accordance with the pricing policies of the Company and have been entered into in accordance with the relevant agreements (if have been entered into) governing the transactions in accordance with Rule 14A.56 of the Listing Rules. The auditors will also carry out annual system auditing on the Company's computerized automated system to, among other things, verify the system's reliability and stability, and evaluate the internal control procedures for the authorization of making changes to the system parameters and programme.

As such, the Company is of the view that it possesses adequate mechanism, internal control procedures and external supervision in place to ensure the terms of the China Cargo Transactions are adherent and strictly followed in accordance with relevant regulatory guidelines and the New China Cargo System Services Agreement.

### 3. HISTORICAL TRANSACTION RECORDS

Set out below is a summary of the aggregated amounts of the continuing connected transactions between ACCA and China Cargo for the three years ended 31 December 2018 and the ten months ended 31 October 2019:

	Year ended 31 December			Ten months ended 31 October
2016	2017	2018	2019	
(RMB)	(RMB)	(RMB)	(RMB)	
			(unaudited)	
11,900,860	12,262,000	12,074,000	9,904,220	
(equivalent to approximately HK\$13,209,954.60)	(equivalent to approximately HK\$13,610,820)	(equivalent to approximately HK\$13,402,140)	(equivalent to approximately HK\$10,993,684.20)	

*Note:* The historical transaction figures for the three years ended 31 December 2016, 31 December 2017 and 31 December 2018 are audited figures of the Group and the figure for the ten months ended 31 October 2019 is internal management account figure.

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

#### 4.1 Proposed Annual Caps

Set out below is a summary of the Proposed Annual Caps for the two years ending 31 December 2021 for the China Cargo Transactions under the New China Cargo System Services Agreement:

	<b>Year ending 31 December</b>	
	<b>2020</b> <i>(RMB)</i>	<b>2021</b> <i>(RMB)</i>
China Cargo Transactions	15,000,000 (equivalent to approximately HK\$16,650,000)	16,000,000 (equivalent to approximately HK\$17,760,000)

#### **4.2 Basis of the Proposed Annual Caps for the China Cargo Transactions**

The Proposed Annual Caps for the China Cargo Transactions under the New China Cargo System Services Agreement for the two years ending 31 December 2021 are determined with reference to (i) the historical transaction amounts of such type of transactions between ACCA and China Cargo for the preceding three years ended 31 December 2018 and for the ten months ended 31 October 2019; and (ii) the estimated increase in demand of the civil aviation transportation market under the background of the rapid development of the national economy and civil aviation industry.

### **5. REASONS FOR AND BENEFITS OF THE CHINA CARGO TRANSACTIONS**

The China Cargo Transactions between ACCA and China Cargo under the New China Cargo System Services Agreement are in the ordinary and usual course of business of the Group. The Group will receive service fees for provision of such products and services and thus such transactions will increase the total revenue of the Group.

The Directors (including the independent non-executive Directors) are of the view that the China Cargo Transactions are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and that the terms of the transactions and the Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **6. IMPLICATIONS UNDER THE LISTING RULES**

ACCA is a wholly-owned subsidiary of the Company as at the date of this announcement. China Cargo is a subsidiary of Eastern Holding as at the date of this announcement. Eastern Holding is a substantial shareholder of the Company. China Cargo is therefore a connected person of the Company pursuant to the Listing Rules. As such, the transactions under the New China Cargo System Services Agreement constitute continuing connected transactions of the Company.

Since the highest applicable percentage ratio calculated with reference to the Proposed Annual Caps under the New China Cargo System Services Agreement is more than 0.1% but less than 5%, the transactions contemplated under the New China Cargo System Services Agreement and the Proposed Annual Caps are subject to the announcement and annual review requirements but exempt from the independent Shareholders' approval requirement of Chapter 14A of the Listing Rules.

Mr. Tang Bing, a non-executive Director then, who holds positions in Eastern Holding and Eastern Airlines, has abstained from voting at the Board meeting to approve the transactions under the New China Cargo System Services Agreement. Except for the above, none of the Directors has a material interest in the transactions under the New China Cargo System Services Agreement and none of them has abstained from voting on the relevant Board resolutions.

## **7. GENERAL INFORMATION**

### **Information on the Group**

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

### **Information on ACCA**

ACCA is principally engaged in the provision of accounting, settlement and clearing services and information system development and support services to commercial airlines and other aviation companies.

### **Information on China Cargo**

As at the date of this announcement, China Cargo is a subsidiary of Eastern Holding. It is principally engaged in the provision of cargo carriage services.

### **Information on CTHCL**

CTHCL is a wholly PRC state-owned enterprise. As at the date of this announcement, it is a substantial shareholder of the Company and holds approximately 29.29% of the total issued share capital of the Company. It is principally engaged in the management of the state-owned assets and state-owned equity interests resulting from investments of the state in the group companies and its invested entities.

## Information on Eastern Holding

Eastern Holding is a wholly PRC state-owned enterprise. It is principally engaged in managing all the state-owned assets and equity interest formed and invested by the state in Eastern Holding and its invested enterprises.

## 8. DEFINITIONS

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

“ACCA”	Accounting Centre of China Aviation Limited Company* (中國航空結算有限責任公司), a wholly-owned subsidiary of the Company as at the date of this announcement
“Board”	the board of Directors
“China Cargo”	China Cargo Airlines Co., Ltd.* (中國貨運航空有限公司), a subsidiary of Eastern Holding as at the date of this announcement
“China Cargo Transactions”	the continuing connected transactions between ACCA and China Cargo in relation to the provision of cargo and mail revenue management platform services and agent management platform services by ACCA to China Cargo as set out in this announcement
“Company”	TravelSky Technology Limited, a company incorporated under the laws of the PRC whose shares are listed on the Main Board of the Stock Exchange and whose American depository shares are traded on the over-the-counter market in the United States of America
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“CTHCL”	China TravelSky Holding Company Limited* (中國民航信息集團有限公司), a substantial shareholder of the Company as at the date of this announcement
“Director(s)”	the director(s) of the Company
“Eastern Airlines”	China Eastern Airlines Corporation Limited* (中國東方航空股份有限公司), a subsidiary of Eastern Holding as at the date of this announcement

“Eastern Holding”	China Eastern Air Holding Company Limited* (中國東方航空集團有限公司), a substantial shareholder of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region
“Hong Kong”	the Hong Kong Special Administrative Region
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New China Cargo System Services Agreement”	the system services agreement entered into by ACCA and China Cargo on 31 December 2019, pursuant to which both parties agreed to the provision of cargo and mail revenue management platform services and agent management platform services by ACCA to China Cargo
“Original China Cargo System Services Agreement”	the system services agreement entered into by ACCA and China Cargo on 31 January 2018, pursuant to which both parties agreed to the provision of cargo transport revenue management system services by ACCA to China Cargo
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Annual Cap(s)”	the proposed maximum aggregate annual amounts of the China Cargo Transactions contemplated under the New China Cargo System Services Agreement for each of the two years ending 31 December 2021
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning as ascribed to it under the Listing Rules
“subsidiary(ies)”	has the same meaning as ascribed to it under the Listing Rules



“%”

per cent

\* *for identification purposes only*

*For the purpose of this announcement, unless otherwise indicated, the exchange rate at RMB1=HK\$1.11 has been used, where applicable, for the purpose of illustration only and not constitute a representation that any amount have been, could have been or may be exchanged.*

By the order of the Board  
**TravelSky Technology Limited**  
**Cui Zhixiong**  
*Chairman*

Beijing, PRC  
31 December 2019

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

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

*Non-executive Directors: Mr. Han Wensheng, Mr. Zhao Xiaohang and Mr. Xi Sheng;*

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