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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)

INSIDE INFORMATION ANNOUNCEMENT:

(1) TERMINATION OF THE ORIGINAL CAPITAL INCREASE AGREEMENTS REGARDING CONNECTED TRANSACTION IN RELATION TO THE DEEMED DISPOSAL OF 68.39% EQUITY INTERESTS IN TRAVELSKY MOBILE TECH; AND
(2) ENTERING INTO NEW CAPITAL INCREASE AGREEMENTS REGARDING CONNECTED TRANSACTIONS IN RELATION TO THE DEEMED DISPOSAL OF 68.39% EQUITY INTERESTS IN TRAVELSKY MOBILE TECH

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Listing Rules.

Reference is made to the announcement of the Company dated 27 May 2020 in relation to the Original Capital Increase Agreement I entered into by the Company, TravelSky Mobile Tech, Southern Airlines Capital, Air Traffic Investment Company and TravelSky Capital, and the Original Capital Increase Agreement II entered into by the Company, TravelSky Mobile Tech and Yicheng Technology.

Eastern Airlines Investment expressed its intention in participating in the Capital Increase of TravelSky Mobile Tech after the Original Capital Increase Agreement I was entered into. Each party to the Original Capital Increase Agreement I has agreed with Eastern Airlines Investment, as an investor, to participate in the Capital Increase of TravelSky Mobile Tech after arm's length negotiation. On 12 June 2020, the Company entered into the New Capital Increase Agreement I with TravelSky Mobile Tech, Southern Airlines Capital, Eastern Airlines Investment, Air Traffic Investment Company and TravelSky Capital in replacement of the Original Capital Increase Agreement I, pursuant to which Southern Airlines Capital, Eastern Airlines Investment, Air Traffic Investment Company and TravelSky Capital have agreed to make a capital contribution of RMB241,062,954.75 in total to TravelSky Mobile Tech. As at the date of this announcement, the Original Capital Increase Agreement I has not taken effect since it has not been approved by SASAC of the State Council.

On the same day, the Company entered into the New Capital Increase Agreement II with TravelSky Mobile Tech and Yicheng Technology, pursuant to which Yicheng Technology has agreed to make a capital contribution of RMB33,708,636.51 to TravelSky Mobile Tech. Pursuant to the New Capital Increase Agreement II, the Original Capital Increase Agreement II shall be terminated from the date on which the New Capital Increase Agreement II is entered into. As at the date of this announcement, Yicheng Technology has not made the capital contribution to TravelSky Mobile Tech under the Original Capital Increase Agreement II.

As at the date of this announcement, TravelSky Mobile Tech is a wholly-owned subsidiary and an insignificant subsidiary of the Company. Upon the completion of the Capital Increase, the registered capital of TravelSky Mobile Tech will be increased from RMB60,000,000 to RMB189,813,350 and TravelSky Mobile Tech will be held as to 31.61% by the Company, 8.39% by Yicheng Technology, 12% by Southern Airlines Capital, 12% by Eastern Airlines Investment, 12% by Air Traffic Investment Company and 24% by TravelSky Capital, respectively. TravelSky Mobile Tech will then cease to be a subsidiary of the Company and the financial results of TravelSky Mobile Tech will cease to be consolidated into the consolidated financial statements of the Company.

The dilution of the Company's equity interests from 100% to 31.61% in TravelSky Mobile Tech will constitute a deemed disposal of TravelSky Mobile Tech under Rule 14.29 of the Listing Rules. As all of the applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules in relation to the New Capital Increase Agreements are less than 5%, the transactions contemplated under the New Capital Increase Agreements are exempt from the reporting, announcement requirements and shareholders' approval requirement under Chapter 14 of the Listing Rules.

CTHCL is a substantial Shareholder of the Company which holds 29.29% of the issued share capital of the Company as at the date of this announcement. TravelSky Capital is a wholly-owned subsidiary of CTHCL, thus it is a connected person of the Company. CEA Holding is a substantial Shareholder of the Company which holds 12.21% of the issued share capital of the Company as at the date of this announcement. Eastern Airlines Investment is a wholly-owned subsidiary of CEA Holding, thus it is also a connected person of the Company. As such, the capital contributions made by TravelSky Capital and Eastern Airlines Investment to the TravelSky Mobile Tech contemplated under the New Capital Increase Agreement I constitute connected transactions of the Company under the Listing Rules.

Since the highest applicable percentage ratio calculated with reference to the consideration under the New Capital Increase Agreement I paid by TravelSky Capital and Eastern Airlines Investment is more than 0.1% but less than 5%, the capital contributions made by TravelSky Capital and Eastern Airlines Investment contemplated under the New Capital Increase Agreement I are subject to the announcement requirement but exempt from the independent shareholders' approval requirement of Chapter 14A of the Listing Rules.

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Listing Rules.

I. THE CAPITAL INCREASE

1. Introduction

Reference is made to the announcement of the Company dated 27 May 2020 in relation to the Original Capital Increase Agreement I entered into by the Company, TravelSky Mobile Tech, Southern Airlines Capital, Air Traffic Investment Company and TravelSky Capital, and the Original Capital Increase Agreement II entered into by the Company, TravelSky Mobile Tech and Yicheng Technology.

Eastern Airlines Investment expressed its intention in participating in the Capital Increase of TravelSky Mobile Tech after the Original Capital Increase Agreement I was entered into. Each party to the Original Capital Increase Agreement I has agreed with Eastern Airlines Investment, as an investor, to participate in the Capital Increase of TravelSky Mobile Tech after arm's length negotiation. On 12 June 2020, the Company entered into the New Capital Increase Agreement I with TravelSky Mobile Tech, Southern Airlines Capital, Eastern Airlines Investment, Air Traffic Investment Company and TravelSky Capital in replacement of the Original Capital Increase Agreement I, pursuant to which Southern Airlines Capital, Eastern Airlines Investment, Air Traffic Investment Company and TravelSky Capital have agreed to make a capital contribution of RMB241,062,954.75 in total to TravelSky Mobile Tech. As at the date of this announcement, the Original Capital Increase Agreement I has not taken effect since it has not been approved by SASAC of the State Council.

On the same day, the Company entered into the New Capital Increase Agreement II with TravelSky Mobile Tech and Yicheng Technology, pursuant to which Yicheng Technology has agreed to make a capital contribution of RMB33,708,636.51 to TravelSky Mobile Tech. Pursuant to the New Capital Increase Agreement II, the Original Capital Increase Agreement II shall be terminated from the date on which the New Capital Increase Agreement II is entered into. As at the date of this announcement, Yicheng Technology has not made the capital contribution to TravelSky Mobile Tech under the Original Capital Increase Agreement II.

As at the date of this announcement, TravelSky Mobile Tech is a wholly-owned subsidiary and insignificant subsidiary of the Company. Upon the completion of the Capital Increase, the registered capital of TravelSky Mobile Tech will be increased from RMB60,000,000 to RMB189,813,350 and TravelSky Mobile Tech will be held as to 31.61% by the Company, 8.39% by Yicheng Technology, 12% by Southern Airlines Capital, 12% by Eastern Airlines Investment, 12% by Air Traffic Investment Company and 24% by TravelSky

Capital, respectively. TravelSky Mobile Tech will then cease to be a subsidiary of the Company and the financial results of TravelSky Mobile Tech will cease to be consolidated into the consolidated financial statements of the Company.

2. New Capital Increase Agreement I and New Capital Increase Agreement II

(1) Date

12 June 2020

(2) Parties

i. Parties to the New Capital Increase Agreement I

- (i) Southern Airlines Capital (as the investor);
- (ii) Eastern Airlines Investment (as the investor);
- (iii) Air Traffic Investment Company (as the investor);
- (iv) TravelSky Capital (as the investor);
- (v) the Company (as the sole shareholder of TravelSky Mobile Tech before the completion of the Capital Increase); and
- (vi) TravelSky Mobile Tech (as the wholly-owned subsidiary of the Company before the completion of the Capital Increase).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, apart from TravelSky Capital and Eastern Airlines Investment, Southern Airlines Capital, Air Traffic Investment Company and their ultimate beneficial owners are independent third parties of the Company and its connected persons.

ii. Parties to the New Capital Increase Agreement II

- (i) Yicheng Technology (as the investor);
- (ii) the Company (as the sole shareholder of TravelSky Mobile Tech before the completion of the Capital Increase); and
- (iii) TravelSky Mobile Tech (as the wholly-owned subsidiary of the Company before the completion of the Capital Increase).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Yicheng Technology and its ultimate beneficial owner are independent third parties of the Company and its connected persons.

(3) Capital Contribution

Pursuant to the New Capital Increase Agreement I, Southern Airlines Capital, Eastern Airlines Investment, Air Traffic Investment Company and TravelSky Capital have agreed to make capital contributions of RMB48,212,590.95, RMB48,212,590.95, RMB48,212,590.95 and RMB96,425,181.90 to TravelSky Mobile Tech, respectively. Among the capital contributions made by the above parties to TravelSky Mobile Tech, a total of RMB113,888,010.00 will be contributed to its registered capital and RMB127,174,944.75 will be contributed to its capital reserve.

The respective capital contributions shall be paid up by Southern Airlines Capital, Eastern Airlines Investment, Air Traffic Investment Company and TravelSky Capital in one lump-sum cash to the bank account designated by TravelSky Mobile Tech within 20 working days after the New Capital Increase Agreement I takes effect.

Pursuant to the New Capital Increase Agreement II, Yicheng Technology has agreed to make a capital contribution of RMB33,708,636.51 to TravelSky Mobile Tech, among which, RMB15,925,340.00 will be contributed to its registered capital and RMB17,783,296.51 will be contributed to its capital reserve.

The capital contribution shall be paid by Yicheng Technology in five instalments. 20% of the capital contribution amount shall be paid by Yicheng Technology to the bank account designated by TravelSky Mobile Tech within 20 working days after the New Capital Increase Agreement II takes effect. The remaining capital contribution amount shall be paid in four instalments with an amount of not less than 20% of the capital contribution at the respective end of each year from 2021 until the capital contribution is fully paid.

The respective capital contributions of Southern Airlines Capital, Eastern Airlines Investment, Air Traffic Investment Company, TravelSky Capital and Yicheng Technology under the New Capital Increase Agreements were determined by the parties after arm's length negotiations with reference to the appraised value of the equity interests in TravelSky Mobile Tech as set out in the valuation report prepared by China Faith Appraisers using the income approach with 30 June 2019 as the valuation benchmark date (subject to the final amount in the valuation report after being filed).

The following table sets out the shareholding structure of TravelSky Mobile Tech as (i) at the date of this announcement and immediately prior to the completion of the Capital Increase, and (ii) immediately after the completion of the Capital Increase pursuant to the New Capital Increase Agreements.

	As at the date of this announcement and immediately prior to the completion of the Capital Increase			Immediately after the completion of the Capital Increase		
	Registered Capital (RMB)	Capital reserve (RMB)	Percentage of total equity interests (%)	Registered Capital (RMB)	Capital reserve (RMB)	Percentage of total equity interests (%)
The Company	60,000,000.00	0	100	60,000,000.00	0	31.61
Yicheng Technology	-	-	-	15,925,340.00	17,783,296.51	8.39
Southern Airlines Capital	-	-	-	22,777,602.00	25,434,988.95	12
Eastern Airlines Investment	-	-	-	22,777,602.00	25,434,988.95	12
Air Traffic Investment Company	-	-	-	22,777,602.00	25,434,988.95	12
TravelSky Capital	-	-	-	45,555,204.00	50,869,977.90	24
Total	60,000,000.00	0	100	189,813,350.00	144,958,241.26	100

If the final valuation amount in the filed valuation report has been adjusted, the respective capital contribution amount made by each investor shall be subject to the adjusted final valuation amount. The shareholding percentage held by each investor upon the completion of the Capital Increase remains unchanged. The Investors will then enter into written agreement or supplemental agreement under such circumstances and the Company will duly perform information disclosure obligations according to relevant requirements under the Listing Rules (if necessary).

(4) *Conditions Precedent*

The New Capital Increase Agreement I shall be effective upon fulfilment of the following conditions:

- i. the New Capital Increase Agreement I having been duly signed and affixed the official seal by the legal representatives or authorized representatives of each party; and
- ii. the New Capital Increase Agreement I having been approved by SASAC of the State Council.

The New Capital Increase Agreement II shall be effective upon fulfilment of the following conditions:

- i. the New Capital Increase Agreement II having been duly signed and affixed the official seal by the legal representatives or authorized representatives of each party; and
- ii. the New Capital Increase Agreement I having taken effect upon the approval by SASAC of the State Council.

For the avoidance of doubt, if the New Capital Increase Agreement I is not approved by SASAC of the State Council, neither the New Capital Increase Agreement I nor the New Capital Increase Agreement II shall be effective.

(5) *Undistributed Profits*

The undistributed profits of TravelSky Mobile Tech before the completion of the Capital Increase shall be shared by the Company and the Investors in proportion to their respective shareholding upon the completion of the Capital Increase.

(6) *Completion*

Pursuant to the New Capital Increase Agreements, TravelSky Mobile Tech has agreed to complete the industry and commercial registration procedures in respect of changes in shareholders and shareholding structure as soon as possible after the Investors have paid relevant capital contribution amount (including that Yicheng Technology pays its capital contribution in the first instalment).

(7) Corporate Governance

Upon the completion of the Capital Increase, the board of TravelSky Mobile Tech shall be consisted of nine directors. Each of Southern Airlines Capital, Eastern Airlines Investment and Air Traffic Investment Company will be entitled to appoint one director, TravelSky Capital will be entitled to appoint two directors, and the Company will be entitled to appoint three directors. And one employees' representative director will be appointed by the employees' representative meeting of TravelSky Mobile Tech.

Upon the completion of the Capital Increase, the supervisory committee of TravelSky Mobile Tech shall be consisted of three supervisors, among which one will be jointly recommended by Southern Airlines Capital, Eastern Airlines Investment, Air Traffic Investment Company and TravelSky Capital, one will be recommended by the Company and one employees' representative supervisor will be appointed by the employees' representative meeting of TravelSky Mobile Tech.

II. PROFIT FORECAST IN RELATION TO THE VALUATION METHOD

As the valuation report was prepared by China Faith Appraisers using the income approach, the calculation of appraised value of equity interests in TravelSky Mobile Tech as set out in the valuation report is deemed as a profit forecast under Rule 14.61 of the Listing Rules. As such, the Company discloses the following details of the valuation in accordance with Rule 14.62 of the Listing Rules.

Details of the principal assumptions, which include the commercial assumptions on which the profit forecast of TravelSky Mobile Tech is made, are set out below:

1. General Assumptions

- (1) Open market assumption;
- (2) Assets going-concern;
- (3) Enterprise going-concern assumption;
- (4) Transaction assumption;
- (5) There will be no material changes in the existing laws, regulations and policies, and national macro-economic situation that the company currently complies with;
- (6) There will be no material changes in the political, economic and social environment of the region where the parties operates and there will be no material adverse effect caused by unpredictable and force majeure factors;

- (7) The company will maintain on-going operations according to laws, and the scope and mode of operation and the decision-making procedure of the company are consistent with the business plan;
- (8) It is assumed that the operator of the company is responsible, fully complies with all relevant laws and regulations, and the management of the company is competent to perform their duties;
- (9) It is assumed that the accounting policies adopted by the company in the future are consistent with those adopted in preparing the valuation report in material aspects;
- (10) It is assumed that the scope and mode of operation of the company are consistent with the business plan based on the existing management method and management standard;
- (11) There will be no material changes to the relevant interest rates of financial credit, tax basis and tax rates, exchange rates, and policy-based levies;
- (12) There will be no force majeure factors and unpredictable factors materially and adversely affecting the production and operation of TravelSky Mobile Technology Limited*;
- (13) The scope and mode of operation, the structure of main business, the composition of the revenue and cost, the sales strategy and cost control of future business of the company in the future operating period will be basically consistent with the business plan and will not have material deviation;
- (14) It is assumed that the company will not encounter material problem in respect of collection of account receivables in the future operating period.

2. Special Assumptions

The calculations are on the basis that the flight management, check-in, flight information and other functions contained in “Umetrip (航旅縱橫)” Application are functional, the services provided by “Umetrip (航旅縱橫)” Application is complete and with high quality; the provider of the key data necessary for the business development of TravelSky Mobile Tech can continuously provide technology support; the airlines including domestic main commercial airlines can cooperate deeply with TravelSky Mobile Tech in respect of check-in, ancillary services and other aspects and comprehensively support the business development of TravelSky Mobile Tech. Revenue forecast is with reference to the highest value of relevant information of the market competitors and is uncertain with the trend of changes in market competition. Data fee may change and is actually subject to the agreement officially signed between data provider and TravelSky Mobile Tech.

BDO Limited, the reporting accountant of the Company, has reviewed the arithmetical accuracy of calculations of relevant forecasts by income approach in the valuation, which does not involve reasonableness for the adoption of accounting policies and assumptions. The Board confirms that the profit forecast of TravelSky Mobile Tech as set out in the valuation report has been made after due and careful enquiry by the Board. The letters issued by BDO Limited and the Board are set out in Appendix I and Appendix II to this announcement, respectively. The following are the qualifications of the experts who have given their opinions or advices which are contained in this announcement:

Name	Qualification	Date of opinion or advice
BDO Limited	Certified Public Accountants	12 June 2020
China Faith Appraisers	Qualified PRC Valuer	14 November 2019

As at the date of this announcement, as far as the Directors are aware, each of the experts did not have any beneficial interest in the share capital of any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group.

Each of the experts has given and has not withdrawn its written consent to the publication of this announcement with the inclusion herein of its letter or report and/or reference to its name.

III. INFORMATION ON TRAVELSKY MOBILE TECH

TravelSky Mobile Tech is a limited liability company incorporated in the PRC in May 2014 with the registered capital of RMB60,000,000. As at the date of this announcement, it is a wholly-owned subsidiary of the Company. TravelSky Mobile Tech takes “Umetrip (航旅縱橫)” Application as its main product and provides mobile internet civil aviation information services, information technology services, software development, sale of computer software and hardware and so on.

According to the valuation report of TravelSky Mobile Tech, the appraised value of the net assets as at 30 June 2019 of TravelSky Mobile Tech was RMB127.00 million. According to the financial report of TravelSky Mobile Tech prepared in accordance with the generally accepted accounting principles of the PRC, the audited book value of total assets and net assets of TravelSky Mobile Tech as at 31 December 2019 are RMB45.90 million and RMB-154.89 million, respectively, and the net loss of TravelSky Mobile Tech for the financial years ended 31 December 2018 and 31 December 2019 (before and after taxation and extraordinary items) are set out as follows:

	For the year ended 31 December 2018 (Audited) (RMB million)	For the year ended 31 December 2019 (Audited) (RMB million)
Net loss (before taxation and extraordinary items)	(49.71)	(56.15)
Net loss (after taxation and extraordinary items)	(48.48)	(55.36)

IV. FINANCIAL IMPACT OF DEEMED DISPOSAL OF 68.39% EQUITY INTERESTS IN TRAVELSKY MOBILE TECH

As at the date of this announcement, TravelSky Mobile Tech is a wholly-owned subsidiary and an insignificant subsidiary of the Company. Upon the completion of the Capital Increase, the registered capital of TravelSky Mobile Tech will be increased from RMB60,000,000 to RMB189,813,350 and TravelSky Mobile Tech will be held as to 31.61% by the Company, 8.39% by Yicheng Technology, 12% by Southern Airlines Capital, 12% by Eastern Airlines Investment, 12% by Air Traffic Investment Company and 24% by TravelSky Capital, respectively. TravelSky Mobile Tech will then cease to be a subsidiary of the Company and the financial results of TravelSky Mobile Tech will cease to be consolidated into the consolidated financial statements of the Company.

The Company expects to record a gain of approximately RMB209.09 million (before tax and expenses) from the deemed disposal of TravelSky Mobile Tech under the New Capital Increase Agreements, representing the change in the net asset value of TravelSky Mobile Tech attributable to the Company before and after the Capital Increase. The net asset value of TravelSky Mobile Tech attributable to the Company before and after the Capital Increase are RMB-178.73 million and RMB30.36 million, respectively. It is estimated by the Company based on capital contributions in the New Capital Increase Agreements and the Company's share of the unaudited net asset value of TravelSky Mobile Tech as at 31 May 2020 and upon the Capital Increase. However, the actual amount of net gain from the deemed disposal can only be determined at the date of the completion of the Capital Increase. TravelSky Mobile Tech intends to use the capital contributions from the Capital Increase as its general working capital.

V. REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTIONS

TravelSky Mobile Tech will utilize the capital contributed by each of the parties to develop technology by combining and leveraging on the expertise of each of the parties. The Company believes that after the Capital Increase, TravelSky Mobile Tech will create synergies in relation to the technology development through the integration and cross transfer of the skills, knowledge and expertise among the parties, which is conducive to increasing the investment returns to its shareholders. At the same time, the introduction of Eastern Airlines Investment as a new investor is beneficial for integrating resources, capital and technology in the industry as well as promoting the diversity of the equity structure of TravelSky Mobile Tech.

The Directors (including the independent non-executive Directors) are of the view that the transactions under the New Capital Increase Agreements are on normal commercial terms and the terms of the transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole. However, these transactions, due to their nature, are not conducted in the ordinary or usual course of business of the Group.

VI. IMPLICATIONS UNDER THE LISTING RULES

The dilution of the Company's equity interests from 100% to 31.61% in TravelSky Mobile Tech will constitute a deemed disposal of TravelSky Mobile Tech under Rule 14.29 of the Listing Rules. As all of the applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules in relation to the New Capital Increase Agreements are less than 5%, the transactions contemplated under the New Capital Increase Agreements are exempt from the reporting, announcement requirements and shareholders' approval requirement under Chapter 14 of the Listing Rules.

CTHCL is a substantial Shareholder of the Company which holds 29.29% of the issued share capital of the Company as at the date of this announcement. TravelSky Capital is a wholly-owned subsidiary of CTHCL, thus it is a connected person of the Company. CEA Holding is a substantial Shareholder of the Company which holds 12.21% of the issued share capital of the Company as at the date of this announcement. Eastern Airlines Investment is a wholly-owned subsidiary of CEA Holding, thus it is also a connected person of the Company. As such, the capital contributions made by TravelSky Capital and Eastern Airlines Investment to the TravelSky Mobile Tech contemplated under the New Capital Increase Agreement I constitute connected transactions of the Company under the Listing Rules.

Since the highest applicable percentage ratio calculated with reference to the consideration under the New Capital Increase Agreement I paid by TravelSky Capital and Eastern Airlines Investment is more than 0.1% but less than 5%, the capital contributions made by TravelSky Capital and Eastern Airlines Investment contemplated under the New Capital Increase Agreement I are subject to the announcement requirement but exempt from the independent shareholders' approval requirement of Chapter 14A of the Listing Rules.

Mr. Cui Zhixiong and Mr. Xiao Yinhong, the executive Directors of the Company, Mr. Han Wensheng, a non-executive Director of the Company then, and Mr. Zhao Xiaohang and Mr. Xi Sheng, the non-executive Directors of the Company, have abstained from voting at the Board meeting to approve the transactions under the New Capital Increase Agreements. Except for the above, none of the Directors has a material interest in the transactions under the New Capital Increase Agreements and none of them has abstained from voting on the relevant Board resolution.

VII. 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 TravelSky Capital

TravelSky Capital is a wholly-owned subsidiary of CTHCL as at the date of the announcement and is principally engaged in equity investment, investment management, asset management and investment consulting business.

Information on Southern Airlines Capital

Southern Airlines Capital is a wholly-owned subsidiary of Southern Air Holding as at the date of this announcement and is principally engaged in equity investment, investment management services, investment consulting services and project investment.

Information on Eastern Airlines Investment

As at the date of this announcement, Eastern Airlines Investment is a wholly-owned subsidiary of CEA Holding and is principally engaged in industry investment, assets management, asset entrustment management, research and development and innovation of investment and financing business, commission and entrustment investment, investment consultancy and enterprise management service.

Information on Air Traffic Investment Company

Air Traffic Investment Company is ultimate beneficially owned by Civil Aviation Administration of China Air Traffic Management Bureau* (中國民用航空局空中交通管理局) and acts as the investor on its behalf. And it is responsible for the operation and management, resources integration, assets reorganization, operation evaluation and other matters of the enterprises invested and controlled by civil aviation air traffic system.

Information on Yicheng Technology

Yicheng Technology is an employees' shareholding platform of TravelSky Mobile Tech invested by the key and core employees of TravelSky Mobile Tech and established for the purpose of employees' incentive project of TravelSky Mobile Tech. As at the date of the announcement, Mr. Bo Manhui, a Chinese citizen, the director and general manager of TravelSky Mobile Tech and the sole general partner of Yicheng Technology, serves as the

executive partner of Yicheng Technology. The limited partnership interest of Yicheng Technology is ultimately beneficially owned by 17 Chinese citizens, all of whom are employees of TravelSky Mobile Tech with no control on the investments of Yicheng Technology. The scope of business of Yicheng Technology includes technology consulting, technology services and corporate management.

Information on TravelSky Mobile Tech

For information on TravelSky Mobile Tech, please refer to “III. Information on TravelSky Mobile Tech” of this announcement.

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 Southern Air Holding

Southern Air Holding is a state-owned enterprise established in the PRC. As at the date of this announcement, it holds approximately 9.18% of the total issued share capital of the Company. The principal business activities of Southern Air Holding are (i) operating China Southern Airlines Company Limited and its subsidiaries and other enterprises which China Southern Airlines Company Limited and its subsidiaries invested in and which constitutes wholly state-owned assets and state-owned equity formed through the state’s investments; and (ii) engaging in operations in air transportation, as well as other relevant industries including civil aviation passenger and cargo agency, import and export trading, financing, construction and development and media and advertising through Southern Air Holding’s subsidiaries.

Information on the CEA Holding

CEA Holding is a wholly state-owned enterprise in the PRC. As at the date of this announcement, it is a substantial Shareholder of the Company and holds approximately 12.21% 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 CEA Holding and its invested entities.

The Board hereby emphasizes that the New Capital Increase Agreement I is subject to approval by SASAC of the State Council, the New Capital Increase Agreement II is subject to the approval of the New Capital Increase Agreement I by SASAC of the State Council, and the Company will duly perform information disclosure obligations according

to relevant requirements under the Listing Rules (if necessary). Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

VIII. DEFINITIONS

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

“Air Traffic Investment Company”	Air Traffic Management Investment Corporation* (民航空管投資管理有限公司), a limited liability company incorporated under the laws of the PRC
“Board”	the board of Directors
“Capital Increase”	the capital increase to TravelSky Mobile Tech made by Southern Airlines Capital, Eastern Airlines Investment, Air Traffic Investment Company and TravelSky Capital pursuant to the New Capital Increase Agreement I and made by Yicheng Technology pursuant to the New Capital Increase Agreement II
“CEA Holding”	China Eastern Airlines Corporation 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
“China Faith Appraisers”	China Faith Appraisers Co., Ltd.* (北京國友大正資產評估有限公司), a PRC qualified valuer which was jointly engaged by the Company and TravelSky Mobile Tech to evaluate the value of the equity interests of TravelSky Mobile Tech
“Company”	TravelSky Technology Limited, a company incorporated under the laws of the PRC whose shares are listed on the Main Board of the Stock Exchange and whose American depositary shares are traded on the over-the-counter market in the United States of America
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“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 Investment”	Eastern Airlines Industry Investment Company Limited* (東方航空產業投資有限公司), a limited liability company incorporated under the laws of the PRC
“Group”	the Company and its subsidiaries
“insignificant subsidiary”	has the same meaning as ascribed to it under the Listing Rules
“Investors”	collectively, Southern Airlines Capital, Eastern Airlines Investment, Air Traffic Investment Company, TravelSky Capital and Yicheng Technology
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Capital Increase Agreement I”	the capital increase agreement dated 12 June 2020 between the Company, TravelSky Mobile Tech, Southern Airlines Capital, Eastern Airlines Investment, Air Traffic Investment Company and TravelSky Capital pursuant to which Southern Airlines Capital, Eastern Airlines Investment, Air Traffic Investment Company and TravelSky Capital have agreed to make a respective capital contribution of RMB48,212,590.95, RMB48,212,590.95, RMB48,212,590.95 and RMB96,425,181.90 to TravelSky Mobile Tech
“New Capital Increase Agreement II”	the capital increase agreement dated 12 June 2020 between the Company, TravelSky Mobile Tech, and Yicheng Technology, pursuant to which Yicheng Technology has agreed to make a capital contribution of RMB33,708,636.51 to TravelSky Mobile Tech
“New Capital Increase Agreements”	collectively, the New Capital Increase Agreement I and the New Capital Increase Agreement II
“Original Capital Increase Agreement I”	the capital increase agreement dated 27 May 2020 between the Company, TravelSky Mobile Tech, Southern Airlines Capital, Air Traffic Investment Company and TravelSky Capital pursuant to which Southern Airlines Capital, Air Traffic Investment Company and TravelSky Capital have agreed to make a respective capital contribution of RMB48,212,590.95, RMB48,212,590.95 and RMB144,637,772.85 to TravelSky Mobile Tech

“Original Capital Increase Agreement II”	the capital increase agreement dated 27 May 2020 between the Company, TravelSky Mobile Tech, and Yicheng Technology, pursuant to which Yicheng Technology has agreed to make a capital contribution of RMB33,708,636.51 to TravelSky Mobile Tech
“Original Capital Increase Agreements”	collectively, the Original Capital Increase Agreement I and the Original Capital Increase Agreement II
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC of the State Council”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Southern Air Holding”	China Southern Air Holding Limited Company (中國南方航空集團有限公司), which holds approximately 9.18% of the total issued share capital of the Company as at the date of this announcement
“Southern Airlines Capital”	China Southern Airlines Group Capital Holding Limited (中國南航集團資本控股有限公司), a limited liability company incorporated under the laws of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning as ascribed to it under the Listing Rules
“TravelSky Capital”	TravelSky Capital Management Limited* (中航信啟航資本管理有限公司), a limited liability company incorporated under the laws of the PRC
“TravelSky Mobile Tech”	TravelSky Mobile Technology Limited* (中航信移動科技有限公司), a limited liability company incorporated under the laws of the PRC

“Yicheng Technology”

Tianjin Yicheng Technology Partnership (Limited Partnership)* (天津易程科技合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC

“%”

per cent

* *for identification purposes only*

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

Beijing, PRC
12 June 2020

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

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

Non-executive Directors: Mr. Zhao Xiaohang, Mr. Xi Sheng and Mr. Luo Laijun;

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

APPENDIX I – LETTER FROM BDO LIMITED

The following is the text of the letter dated 12 June 2020 from BDO Limited, Certified Public Accountants, which was prepared for inclusion in this announcement.

12 June 2020

The Directors

TravelSky Technology Limited

7 Yu Min Da Street, Houshayu Town,

Shunyi District, Beijing 101308, PRC

INDEPENDENT ASSURANCE REPORT ON THE ARITHMETICAL ACCURACY OF THE CALCULATIONS OF THE DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF 100% EQUITY INTERESTS IN TRAVELSKY MOBILE TECHNOLOGY LIMITED

TO THE DIRECTORS OF TRAVELSKY TECHNOLOGY LIMITED

We have examined the calculations of the discounted future estimated cash flows, on which the valuation prepared by China Faith Appraisers Co., Ltd. dated 14 November 2019, of 100% equity interests in TravelSky Mobile Technology Limited (the “**Target Company**”), as at 30 June 2019 (the “**Valuation**”) is based. The Target Company is a company established in the People’s Republic of China (the “**PRC**”), and principally engaged in provision of mobile internet civil aviation information services, information technology services, software development and sales of computer software and hardware. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and is included in an announcement dated 12 June 2020 issued by TravelSky Technology Limited (the “**Company**”) in connection with the deemed disposal and connected transaction in relation to the capital increase of the Target Company (the “**announcement**”).

Directors’ Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the sections headed “II. PROFIT FORECAST IN RELATION TO THE VALUATION METHOD” of the announcement (the “**Assumptions**”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibility

Our responsibility is to express an opinion, as required by Rule 14.62(2) of the Listing Rules, on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company’s management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetical accuracy of the compilation of the discounted future estimated cash flows. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the arithmetical accuracy of the calculations is concerned, have been properly compiled in accordance with the Assumptions.

Other Matters

Without qualifying our opinion, we draw your attention that we are not reporting on the appropriateness and validity of the Assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Target Company or an expression of an audit or review opinion on the Valuation.

The preparation of the discounted future estimated cash flows on which the Valuation is based does not involve the adoption of accounting policies. The discounted future estimated cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under Rule 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

BDO Limited
Certified Public Accountants

Hong Kong, 12 June 2020

APPENDIX II – LETTER FROM THE BOARD

The following is the text of the letter dated 12 June 2020 from the Board which was prepared for inclusion in this announcement.

To: Listing Division of The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square,
8 Connaught Place, Central, Hong Kong

Dear Sir/Madam,

Company: TravelSky Technology Limited* (the “**Company**”)

Re: Profit forecast – confirmation letter under the requirements of Rule 14.62(3) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)

Reference is made to the announcement of the Company dated 12 June 2020 in relation to the valuation report (the “**Valuation Report**”) dated 14 November 2019 in respect of the valuation of equity interests in TravelSky Mobile Technology Limited* prepared by China Faith Appraisers Co., Ltd.* (the “**Valuer**”) using the income approach.

The board of directors of the Company has reviewed and discussed with the Valuer and BDO Limited, the reporting accountant of the Company (the “**Reporting Accountant**”), the basis and assumptions of the valuation. The board of directors of the Company has also considered the confirmation letter issued by the Reporting Accountant on 12 June 2020 in relation to the calculations of the profit forecast in the Valuation Report.

Pursuant to the requirements of Rule 14.62(3) of the Listing Rules, the board of directors of the Company confirmed that the profit forecast used in the aforesaid Valuation Report has been made after due and careful enquiry.

The Board of Directors
TravelSky Technology Limited*

12 June 2020