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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
RENEWAL OF THE SERVICE FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 9 December 2022, in relation to (among other things) the Service Framework Agreement entered into by the Company with TravelSky Mobile Tech, pursuant to which TravelSky Mobile Tech has agreed to provide technology development, product research and development, technical support and operation and maintenance services under the Service Framework Agreement to the Company for a term of one year from 9 December 2022 to 8 December 2023.

The Board agreed that, upon the expiry of the existing term on 8 December 2023, the term of the Service Framework Agreement will be extended for a period commencing from 31 January 2024 and ending on 31 December 2025.

As at the date of this announcement, TravelSky Mobile Tech is a 30%-controlled company of CTHCL, which is a substantial shareholder of the Company. TravelSky Mobile Tech is therefore a connected person of the Company. As such, the transactions contemplated under the Service Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio calculated on an aggregated basis exceeds 0.1% but is less than 5% in respect of the continuing connected transactions under the Service Framework Agreement, such transactions are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. INTRODUCTION AND BACKGROUND

Reference is made to the announcement of the Company dated 9 December 2022, in relation to (among other things) the Service Framework Agreement entered into by the Company with TravelSky Mobile Tech, pursuant to which TravelSky Mobile Tech has agreed to provide technology development, product research and development, technical support and operation and maintenance services under the Service Framework Agreement to the Company for a term of one year from 9 December 2022 to 8 December 2023.

The Board agreed that, upon the expiry of the existing term on 8 December 2023, the term of the Service Framework Agreement will be extended for a period commencing from 31 January 2024 and ending on 31 December 2025.

II. THE SERVICE FRAMEWORK AGREEMENT

1. Principal Terms of the Service Framework Agreement

Date:	31 January 2024
Parties:	(1) the Company (as the service recipient); and (2) TravelSky Mobile Tech (as the service provider)
Term:	A period commencing from 31 January 2024 and ending on 31 December 2025.
Scope of services and charges:	(1) Technology development services: If the Company engages the professionals of TravelSky Mobile Tech to provide product development and other services for the Company's customers such as airlines and airports, the Company may pay TravelSky Mobile Tech technology development service fees, and may negotiate and sign the Technology Service Cooperation Agreement for relevant services. The remuneration of labour services is determined with reference to the standard of labour fees formulated by the Company. The price of labour support is formulated with reference to the standard of labour type, personnel level, geographical distribution, standard of labour fees, and labour cost which is determined based on the workload and difficulty of work.

- (2) Product research and development, technical support and operation and maintenance services:
- i. If, based on business needs, products developed by TravelSky Mobile Tech shall be included into the Company's brand product series, and the Company shall pay fees to TravelSky Mobile Tech, both parties may separately agree on the specific work details in writing according to the actual needs of specific projects and site conditions. For example, internet information technology and system, data service technology and system, artificial intelligence technology and system, blockchain technology and system, etc.;
 - ii. If TravelSky Mobile Tech promotes, markets, sells the products of the Company, the Company shall pay fees to TravelSky Mobile Tech. Both parties shall enter into product service and maintenance contracts for specific products at the agreed price. Based on the usage requirements of the products, after fully considering the cost and benefit, and with reference to the market conditions, both parties shall negotiate and confirm separately in writing; and

iii. If TravelSky Mobile Tech is entrusted by the Company to provide system operation and maintenance services to the Company or its customers, the Company shall pay fees to TravelSky Mobile Tech. Both parties shall determine the relevant fees through negotiation based on the external revenue, market efficiency, project costs, task objectives of the project and with reference to the market conditions, and separately confirm the service standards, fees and payment arrangements in writing.

- Charging principles:
- (1) Where the relevant services are regulated by the government regulatory authorities, the fees shall be charged in accordance with the charging standards (prescribed prices) prescribed by government regulatory authorities (e.g. CAAC);
 - (2) If there is a recommended guidance price from the government regulatory authorities, both parties shall negotiate and formulate the charging standards with reference to the recommended guidance price;

- (3) If the government regulatory authorities do not have a prescribed price or guidance price, or the government prescribed price or guidance price is cancelled or no longer applicable, both parties shall manually calculate the fees for technology development, product research and development, technical support and operation and maintenance services on the basis of not higher than the market price (if any) or the original government prescribed price or guidance price with reference to the Internal Contract Management Regulations of TravelSky Technology Limited (《中國民航信息網絡股份有限公司內部合約管理規範》). The labour cost standard shall be calculated according to the internal contract labour cost standard of the Company for the year. According to the current Internal Contract Labour Cost Standard of TravelSky Technology Limited for 2022 (《中國民航信息網絡股份有限公司2022年內部合約人工費用標準》) and with reference to the qualifications and experience of personnel required by the complexity and difficulty of the project, the labour cost per capita is estimated to be between RMB14,270 per month and RMB37,800 per month. The Company and TravelSky Mobile Tech may negotiate to adjust the labour cost standard by 10% depending on the difficulties of the project. If a third-party customer is willing to pay the implementation or operation and maintenance expenses separately due to market reasons, the labour standard can be formulated referring to the agreement between the Company and the third-party customer, or the above internal contract labour standard; and
- (4) If TravelSky Mobile Tech is deemed as a connected person of the Company under the Listing Rules, all terms of transactions hereunder must be on a “normal commercial terms” basis (as defined under the Listing Rules) and no less favorable to the Company than terms available to or from independent third parties.

- Payment terms:
- (1) Both parties may enter into separate specific agreements (the “**Sub-agreements**”) in accordance with the above “Scope of services and charges” and “Charging principles” and implement the payment terms in the Sub-agreements.
 - (2) If both parties do not enter into a Sub-agreement:
 - i. The payee shall issue the bill to the payer within 5 working days after the end of each settlement cycle (monthly, quarterly and annual) as agreed by both parties. The payer shall make the payment within 10 working days after receiving the bill unless either party disagrees.
 - ii. For system installation and debugging projects, the corresponding fees shall be paid according to the completion progress and acceptance results of the projects.

2. Actual Transaction Value

The annual cap for the transactions under the Service Framework Agreement for the term of one year commencing from 9 December 2022 and ending on 8 December 2023 is RMB70,000,000. The unaudited actual transaction value under the Service Framework Agreement for the same period is RMB34,504,600.

The Directors have been monitoring the transaction amount under the Service Framework Agreement. The annual cap for the continuing connected transactions under the Service Framework Agreement has not been exceeded.

III. PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION OF THE PROPOSED ANNUAL CAPS

1. Proposed annual caps

	For the period commencing from 31 January 2024 and ending on 31 December 2024 (in RMB)	For the year ending 31 December 2025 (in RMB)
Proposed annual caps	90,000,000	100,000,000

2. Basis of determination of the proposed annual caps

The proposed annual caps for the transactions under the Service Framework Agreement are estimated based on the historical transaction amounts and the cooperation and contract signing plans between the Group and TravelSky Mobile Tech in 2023 and the Company's expected market business growth in the future. It has also taken into account the possibility of the Company to increase the marketing and distribution of its product and business in the future, and conduct project cooperation in fields relying on artificial intelligence, blockchain, data computing and edge cloud collaboration, etc.

IV. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Leveraging on the leading position in a competitive market, TravelSky Mobile Tech has introduced and applied new technologies in a relatively flexible manner, and developed fully independent technical capabilities and systems in the fields of artificial intelligence, blockchain, data computing and edge cloud collaboration based on its own development needs, which can meet the needs of relevant business systems of the Company. In addition, the entering into of the Service Framework Agreement can reduce the Company's external procurement costs, and TravelSky Mobile Tech can provide similar technical services to the Company at a price not higher than the market price, thereby enhancing the Company's bargaining power in product business and effectively helping the Company to further improve its product technology capability.

The Directors (including the independent non-executive Directors) are of the view that the transactions under the Service Framework Agreement are entered into in the ordinary and usual course of business of the Group and 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.

V. LISTING RULES IMPLICATIONS

As at the date of this announcement, TravelSky Mobile Tech is a 30%-controlled company of CTHCL, which is a substantial shareholder of the Company. TravelSky Mobile Tech is therefore a connected person of the Company. As such, the transactions contemplated under the Service Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio calculated on an aggregated basis exceeds 0.1% but is less than 5% in respect of the continuing connected transactions under the Service Framework Agreement, such transactions are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Huang Rongshun, an executive Director of the Company and holds position in CTHCL, Mr. Qu Guangji, a non-executive Director of the Company and holds position in Southern Air Holding, together with Mr. Xi Sheng, a non-executive Director of the Company and holds positions in CEA Holding and Eastern Airlines, have abstained from voting on the Board resolution approving the transactions under the Service Framework Agreement. Save as stated above, none of the Directors has a material interest in the transactions contemplated under the Service Framework Agreement and none of them has abstained from voting on the relevant Board resolution.

VI. 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 settlement and clearing services and information system development and support services to domestic and worldwide airline companies.

Information on TravelSky Mobile Tech

TravelSky Mobile Tech is a limited liability company incorporated in the PRC, and 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. As at the date of this announcement, TravelSky Mobile Tech is held as to approximately 23.83% by the Company, 18.09% by TravelSky Capital, 9.04% by Air Traffic Investment Company, 12.00% by Eastern Airlines Investment, 12.00% by Southern Airlines Capital, 8.54% by Yicheng Technology, 9.00% by Xitong Culture, and 7.50% by Shanghai Tongzonghui respectively.

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 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 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 Eastern Airlines Investment

Eastern Airlines Investment is a wholly-owned subsidiary of CEA Holding as at the date of this announcement 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. CEA Holding is a wholly state-owned enterprise in the PRC. As at the date of this announcement, it holds approximately 6.25% of the total issued share capital of the Company. It is principally engaged in the management of all of the state-owned assets and state-owned equity interests resulting from investments of the state in CEA Holding and its invested entities.

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. Southern Air Holding is a state-owned enterprise established in the PRC. As at the date of this announcement, it holds approximately 6.93% 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 all of the 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 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 103 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 Xitong Culture

Xitong Culture is a limited liability company mainly engaged in technology development, Internet information services and other businesses. It has certain development and commercial operation experience in the fields of digital marketing, Internet medical service and Internet finance. As at the date of the announcement, the ultimate beneficial owner of Xitong Culture is Mr. Zhao Chao, a Chinese citizen.

Information on Shanghai Tongzonghui

Shanghai Tongzonghui is a special purpose vehicle that meets the qualification requirements for the subject of the second-step capital increase project, the establishment of which is led by an industrial investment platform of Shanghai Airport. As at the date of the announcement, the ultimate beneficial owner of Shanghai Tongzonghui is Shanghai Airport, a state-owned enterprise under the Shanghai State-owned Assets Supervision and Administration Commission. It is principally engaged in equity investment.

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 29.55% 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.

VII. DEFINITIONS

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

“30%-controlled company”	has the same meaning ascribed to it under the Listing Rules
“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
“CAAC”	Civil Aviation Administration of China
“CEA Holding”	China Eastern Air Holding Company Limited* (中國東方航空集團有限公司), a company incorporated under the laws of the PRC with limited liability
“Company”	TravelSky Technology Limited, a company incorporated under the laws of the PRC whose H 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 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 limited liability company incorporated under the laws of the PRC
“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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Service Framework Agreement”	the service framework agreement entered into on the date of 9 December 2022, and renewed on the date of 31 January 2024 between the Company and TravelSky Mobile Tech, in relation to the provision of technology development, product research and development, technical support and operation and maintenance services by TravelSky Mobile Tech to the Company
“Shanghai Airport”	Shanghai Airport (Group) Co., Ltd.* (上海機場(集團)有限公司), a limited liability company incorporated under the laws of the PRC
“Shanghai Tongzonghui”	Shanghai Tongzonghui Consulting Management Co., Ltd.* (上海潼宗匯諮詢管理有限公司), a limited liability company incorporated under the laws 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), a limited liability company incorporated under the laws of the PRC
“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 ascribed to it under the Listing Rules
“substantial shareholder”	has the same meaning as ascribed to it under the Listing Rules
“TravelSky Capital”	TravelSky Capital Management Limited* (中航信啓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 company incorporated under the laws of the PRC with limited liability

“Xitong Culture”	Beijing Xitong Culture Technology Co., Ltd.* (北京西潼文化科技有限公司), 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 order of the Board
TravelSky Technology Limited
Huang Rongshun
Chairman

Beijing, the PRC
31 January 2024

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

Executive Director:

Mr. Huang Rongshun (Chairman);

Non-executive Directors:

*Mr. Sun Yuquan, Mr. Qu Guangji and
Mr. Xi Sheng;*

Independent non-executive Directors:

*Mr. Liu Zehong, Mr. Chan Wing Tak Kevin
and Mr. Xu Hongzhi.*