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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 OF RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2015

The board of directors (the “**Board**”) of TravelSky Technology Limited (the “**Company**”) hereby presents the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended June 30, 2015 prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts expressed in thousands of Renminbi)

	<i>Note</i>	As at June 30, 2015 Unaudited	As at December 31, 2014 Audited
ASSETS			
Non-current assets			
Property, plant and equipment, net	8	2,107,345	1,987,785
Lease prepayment for land use right, net		1,834,940	1,861,307
Intangible assets, net		340,451	431,674
Goodwill		4,426	4,426
Investments in associated companies		188,394	178,392
Deferred income tax assets		41,122	41,122
Other long-term assets		133,549	27,258
Restricted bank deposits		130,830	111,617
		4,781,057	4,643,581

	<i>Note</i>	As at June 30, 2015 Unaudited	As at December 31, 2014 Audited
Current assets			
Inventories		28,074	15,100
Trade receivables, net	9	831,374	755,172
Due from related parties, net	10	2,062,267	2,238,537
Due from associated companies		29,867	27,735
Income tax recoverable		4	7,480
Prepayments and other current assets		387,833	467,866
Held-to-maturity financial assets		1,550,000	1,210,000
Short-term bank deposits		1,405,858	1,263,307
Restricted bank deposits		143,847	105,876
Cash and cash equivalents		2,975,804	1,994,953
		<u>9,414,928</u>	<u>8,086,026</u>
Total assets		<u>14,195,985</u>	<u>12,729,607</u>
EQUITY			
Capital and reserves attributable to			
Owner of the Parent			
Paid-In capital		2,926,209	2,926,209
Reserves	6	3,474,468	3,334,380
Retained earnings			
– Proposed final cash dividend	7	–	389,186
– Others		4,683,238	3,668,814
		<u>11,083,915</u>	<u>10,318,589</u>
Non-controlling interests		<u>286,976</u>	<u>257,629</u>
Total equity		<u>11,370,891</u>	<u>10,576,218</u>

	<i>Note</i>	As at June 30, 2015 Unaudited	As at December 31, 2014 Audited
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		18,896	19,289
Deferred revenue		2,855	3,955
		<u>21,751</u>	<u>23,244</u>
Current liabilities			
Trade payables and accrued liabilities	<i>11</i>	2,326,439	2,003,463
Due to related parties		371,919	92,810
Income tax payable		67,956	14,311
Deferred revenue		37,029	19,561
		<u>2,803,343</u>	<u>2,130,145</u>
Total liabilities		<u>2,825,094</u>	<u>2,153,389</u>
Total equity and liabilities		<u>14,195,985</u>	<u>12,729,607</u>
Net current assets		<u>6,611,585</u>	<u>5,955,881</u>
Total assets less current liabilities		<u>11,392,642</u>	<u>10,599,462</u>

The accompanying notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Amounts expressed in thousands of Renminbi, except per share data)

		Unaudited	
		Six months ended June 30,	
	<i>Note</i>	2015	2014
Revenues			
Aviation information technology services		1,521,318	1,369,780
Accounting, settlement and clearing services		243,425	209,075
System integration services		294,529	477,824
Data network and others		573,582	484,812
		<hr/>	<hr/>
Total revenues	2	2,632,854	2,541,491
		<hr/>	<hr/>
Operating expenses			
Business taxes and other surcharges		(10,901)	(10,450)
Depreciation and amortisation		(256,563)	(209,243)
Network usage fees		(27,955)	(23,715)
Personnel expenses		(473,323)	(434,429)
Operating lease payments		(75,266)	(74,147)
Technical support and maintenance fees		(205,014)	(187,669)
Commission and promotion expenses		(323,985)	(264,244)
Costs of software and hardware sold		(172,760)	(378,800)
Other operating expenses		(178,081)	(227,105)
		<hr/>	<hr/>
Total operating expenses		(1,723,848)	(1,809,802)
		<hr/>	<hr/>
Operating profit		909,006	731,689
Financial income, net		65,683	58,670
Government grant	3	410,000	500,000
Share of results of associated companies		11,566	9,251
		<hr/>	<hr/>
Profit before taxation		1,396,255	1,299,610
Taxation	4	(215,613)	(146,550)
		<hr/>	<hr/>
Profit after taxation		1,180,642	1,153,060
		<hr/>	<hr/>

	<i>Note</i>	Unaudited Six months ended June 30,	
		2015	2014
Other comprehensive income:			
Items that may be reclassified			
subsequently to profit or loss:			
Currency translation differences		<u>(694)</u>	<u>430</u>
Other comprehensive income for the period,			
net of tax		<u>(694)</u>	<u>430</u>
Total comprehensive income for the period		<u>1,179,948</u>	<u>1,153,490</u>
Profit attributable to:			
Owner of the Parent		1,156,369	1,133,242
Non-controlling interests		<u>24,273</u>	<u>19,818</u>
		<u>1,180,642</u>	<u>1,153,060</u>
Total comprehensive income attributable to:			
Owner of the Parent		1,155,675	1,133,672
Non-controlling interests		<u>24,273</u>	<u>19,818</u>
		<u>1,179,948</u>	<u>1,153,490</u>
Earnings per share for profit attributable to			
Owner of the Parent			
Basic and diluted (<i>RMB</i>)	5	<u>0.40</u>	<u>0.39</u>

The accompanying notes are an integral part of this condensed consolidated interim financial information.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Principal accounting policies and basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention and in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”, and have been reviewed by the Audit Committee of the Company. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2014.

The Group has adopted new and amended standards and interpretations of International Financial Reporting Standards (“IFRSs”) that are effective for accounting period beginning on or after January 1, 2015. The accounting policies applied for the preparation of these condensed consolidated financial statements are consistent with those of the annual financial statements for the year ended December 31, 2014.

2. Revenue

Revenue mainly comprises the fees earned by the Group for the provision of aviation information technology services, accounting, settlement and clearing services, system integration services and related data network services. A major portion of these revenue was generated from the shareholders of the Company. For the six months ended June 30, 2015, revenue generated from the significant recurring transactions carried out with the Group’s related parties amounted to approximately RMB1,114 million (for the six months ended June 30, 2014: approximately RMB1,013 million).

3. Government grant

	Unaudited	
	Six months ended June 30,	
	2015	2014
	<i>RMB’000</i>	<i>RMB’000</i>
Government grant	410,000	500,000

Government grant is awarded to the Group by the local government agencies as incentive primarily to encourage and support the Group to the provision of aviation information technology services business development on Beijing Shunyi District Houshayu Town.

4. Taxation

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., TravelSky R&D USA, INC., TravelSky Technology (Taiwan) Limited and TravelSky Technology Australia Pty. Ltd 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. In October 2014, the Company was approved and certified as a “High and New Technology Enterprise” again. 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 2014 to 2016.

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 and Year 2014. 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 set out in the Company’s announcement dated January 2, 2014. As of June 30, 2015, the relevant tax regulatory authorities have not yet announced the attestation process regarding to the certificate for “Important Software Enterprise” for Year 2015. As the certificate for “Important Software Enterprise” is subject to an assessment and approval by the relevant authorities in China, the Company will continuously monitor the changes of regulatory requirement of attestation process and continue to apply (if applicable).

As explained in the third paragraph of this note, the Company’s corporate income tax expense was therefore provided for at the rate of 15% for the six months ended June 30, 2015 pursuant to the relevant regulatory requirements for the time being.

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

5. 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:

	Unaudited	
	Six months ended June 30,	
	2015	2014
Earnings (RMB’000)		
Earnings for the purpose of calculating the basic and diluted earnings per share	1,156,369	1,133,242
Numbers of shares (’000)		
Weighted average number of ordinary shares in issue	2,926,209	2,926,209
Earnings per share (RMB)		
Basic and diluted	0.40	0.39

There were no potential dilutive ordinary shares outstanding during the period ended June 30, 2015 and 2014.

6. Reserves

The appropriation to the discretionary surplus reserve fund for the year 2014 was approved in the annual general meeting held on June 16, 2015. Therefore, 10% of the Company's net profit of year 2014 (approximately RMB141.9 million), was transferred to the discretionary surplus reserve fund for the six months ended June 30, 2015.

7. Dividend distribution

The shareholders in the annual general meeting of the Company held on June 16, 2015 approved the distribution of a final cash dividend of RMB0.133 per share, in the aggregate sum of RMB389.2 million for Year 2014. The amount was accounted for in shareholders' equity as an appropriation of retained earnings for the six months ended June 30, 2015.

8. Property, plant and equipment, net

For the six months ended June 30, 2015, the Group acquired property, plant and equipment amounting to approximately RMB243.0 million (for the year ended December 31, 2014: approximately RMB763.8 million) in total.

9. Trade receivables, net

The group has a policy allowing its customers credit periods normally ranging from 10 to 90 days.

The ageing analysis of trade receivables is as follows:

	June 30, 2015 Unaudited RMB'000	December 31, 2014 Audited RMB'000
Within 6 months	673,715	601,470
Over 6 months but within 1 year	165,872	139,296
Over 1 year but within 2 years	76,356	82,996
Over 2 years but within 3 years	39,780	25,273
Over 3 years	29,471	26,663
	<hr/>	<hr/>
Total trade receivables	985,194	875,698
Provision for impairment of trade receivables	(153,820)	(120,526)
	<hr/>	<hr/>
Trade receivables, net	831,374	755,172
	<hr/>	<hr/>

10. Due from related parties, net

These balances with related parties are trade related, interest free, unsecured and generally repayable within six months.

The ageing analysis of the amount due from related parties is as follows:

	June 30, 2015 Unaudited RMB'000	December 31, 2014 Audited RMB'000
Within 6 months	1,344,755	1,337,543
Over 6 months but within 1 year	524,498	483,285
Over 1 year but within 2 years	160,038	388,991
Over 2 years but within 3 years	22,379	19,395
Over 3 years	10,597	9,323
	<hr/>	<hr/>
Total due from related parties	2,062,267	2,238,537
Provision for impairment of receivables	–	–
	<hr/>	<hr/>
Due from related parties, net	2,062,267	2,238,537

11. Trade payables and accrued liabilities

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

	June 30, 2015 Unaudited RMB'000	December 31, 2014 Audited RMB'000
Within 6 months	281,206	345,135
Over 6 months but within 1 year	136,905	27,088
Over 1 year but within 2 years	30,110	25,317
Over 2 years but within 3 years	14,823	6,613
Over 3 years	17,263	12,808
	<hr/>	<hr/>
Total trade payables	480,307	416,961
Accrued liabilities and other liabilities	1,846,132	1,586,502
	<hr/>	<hr/>
Total trade payables and accrued liabilities	2,326,439	2,003,463

12. 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 operating decision maker is the Group’s general manager. The information reviewed by the general manager is identical to the information presented in the interim consolidated statement of profit or loss and other comprehensive income. No segment report has been prepared by the Group for six months ended June 30, 2015 and 2014.

The Group also operates within one geographical segment because its revenues are primarily generated in the PRC and its assets are in majority located in the PRC. Accordingly, no geographical segment data is presented in these statements.

In the periods set out below, certain customers accounted for greater than 10% of the Group’s total revenues:

Main customers	Unaudited Six months ended June 30,			
	2015		2014	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Air China Limited (a)	327,391	12%	300,584	12%
China Eastern Airlines Corporation Limited (a)	335,740	13%	304,728	12%
China Southern Airlines Company Limited (a)	305,756	12%	281,623	11%

a. Included its subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL CONDITIONS AND OPERATIONAL PERFORMANCE

BUSINESS REVIEW FOR THE FIRST HALF OF 2015

As the leading provider of information technology solutions for China's aviation and travel industry, the Group benefited from the robust demand in China's aviation market in the first half of 2015. The Group's Electronic Travel Distribution (ETD) system has processed approximately 226.4 million flight bookings on domestic and overseas commercial airlines, representing an increase of approximately 12.3% over the same period in 2014. Among which, the processed flight bookings on commercial airlines in China increased by approximately 12.2%, while those on foreign and regional commercial airlines increased by approximately 15.1%. More foreign and regional commercial airlines were using the Company's Airport Passenger Processing (APP) system service, multi-host connecting program service and the self-developed Angel Cue platform connecting service, resulting in the increase of the number of such users to 106, with approximately 5.4 million of passenger departures processed in 72 airports. Meanwhile, the number of foreign and regional commercial airlines with direct links to the Company's Computer Reservation System (CRS) increased to 124, with the sales percentage through direct links increased to approximately 99.8%.

In the first half of 2015, in addition to continuous provision of information technology products and services along the value chain of the aviation industry, ranging from booking, ticketing, check-in, boarding and load planning, accounting, settlement and clearing to value-added services for travelers, the Group also provided information technology solutions for major commercial airlines in China in respect of travel convenience, e-commerce and auxiliary services. As a strategic partner of the Fast Travel Project of International Air Transport Association (IATA), the Company has been taking efforts in research and development and innovation in this sector. Our self-developed self-help luggage processing system has already been brought into operation in three commercial airlines in China, including Air China Limited and Hainan Airlines Company Limited. The commonly used self-service check-in system (CUSS), the Company's self-developed product that conforms to IATA standards, has been launched in 110 major domestic and overseas airports, and the online check-in service has been applied in 215 airports at home and abroad. Such products and services together with the mobile check-in service and the SMS check-in service processed a total of approximately 53.1 million departing passengers. Our self-developed mobile application, "Umetrip", has also attracted over 15 million users. The Company provided E-Build (an e-commerce supporting platform) product or relevant overall solutions to 61 domestic e-commerce websites owned by 30 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 Shenzhen Airlines Company Limited and Hong Kong Airlines Ltd. Sales support for auxiliary service, based on the Company's Electronic Miscellaneous Document (EMD) system, was also applied in 14 domestic and regional commercial airlines.

In the first half of 2015, the development of the new-generation civil aviation passenger service information system ("**New Generation System**") researched and developed by the Company together with the major domestic commercial airlines gathered pace. Some of the key modules, sub-systems and serial products have entered the processes of user testing, production verification and implementation.

In the first half of 2015, the Group continued to consolidate and expand the market of accounting, settlement and clearing services and stepped up its efforts in researching and developing and commencing the operation of the key systems. For the project of IATA's global New Generation Billing and Settlement Plan (BSP) Data Processing System, parallel testing was launched for 22 BSPs in the Asia-Pacific region while implementation was completed for 5 BSPs in North Asia. In the first half of 2015, there were approximately 356.1 million transactions and approximately 136.5 million BSP bills processed with our accounting, settlement and clearing system. In the same period, passenger, cargo and postal revenues, miscellaneous fees as well as international and domestic clearing fees settled with our system amounted to approximately US\$3.8 billion, and the transaction amount of the electronic payment system was approximately RMB9.3 billion.

In the first half of 2015, the Group actively participated in the bidding of airport information system construction projects of domestic airports and pursued greater efforts in new product development and marketing while reinforcing its market share in the traditional departure front-end service product market. With a dominance in the middle-sized and large-sized airports in China, the new generation APP departure front-end system facilitated China's commercial airlines to provide check-in, transit and connecting flight services to passengers in 111 overseas or regional airports, processing approximately 13.9 million passenger departures, accounting for approximately 87.0% 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 9 airports including Yuncheng Airport and Jinzhou Airport. The new product of the airport ground operation product line, the security information platform, has been promoted to 3 airports including Yingkou Airport and Baicheng Airport, whereas the Airport Message Broker (AMB) platform has been promoted to 6 airports including Ulanhot Airport, Foshan Airport and Guiyang Airport.

In the first half of 2015, the Group stepped up its efforts to research, develop, provide services for and promote the product lines for distribution information technology services and focused on optimizing the key product functions, such as online interface, business travel platform for small and medium enterprises and international fare search engine. As for the "air ticket purchase platform for government departments and enterprises" completed by cooperating with the Ministry of Finance and the Settlement Centre of the Civil Aviation and Administration of China ("CAAC"), nearly 30 commercial airlines became the carriers of the project, and over 700 sales departments of commercial airlines and over 1,600 agent users joined the platform.

In the first half of 2015, to promote the development of new businesses including distribution service of travel products such as hotels, air freight logistics information technology service and public information technology service, the Group continued to establish its systematic platforms and improve its products and services with multi-channels promotion. The Group distributed 261,700 hotel's room-nights through its hotel distribution platform – Sohoto.com, representing an increase of 10.7% as compared with the corresponding period in 2014, and handled approximately 7.6 million air freight bills through its air freight logistics information system, representing an increase of 2.7% as compared with the corresponding period in 2014. The public information service continued to expand its customer base with a focus on central enterprises and government authorities. With advanced technology including cloud computing, big data and disaster recovery as the basic platform, the self-developed Cloud Data Replication (CDR) products and Travel Cloud (TCD) products have been refined continuously. The Group also participated in various key platformization projects of the state.

In the first half of 2015, the Group's ICS (Inventory Control System), CRS, APP, the core open system and the accounting, settlement and clearing mainframe systems have maintained stable operation, and the construction of Beijing Shunyi New Operating Centre progressed on schedule. A combination of technical and managerial means was employed for the purpose of laying a solid foundation for safe operation. The implementation of the mainframe system multi-host reformation project further strengthened the safe operation capability of the system. By unifying the construction of the maintenance management platform and expanding the functions of the central monitoring platform of the data centre, the system maintenance monitoring capability and IT service management level were effectively enhanced. The advance of a series of projects, including database safety audit and baseline protection, internet malicious code and important WEB application protection, safety incident monitoring platform and application safety testing system, also led to continuous enhancement of its information safety protection capability. The implementation of safety threat inspection and contingency skill drills secured the safe operation of the civil aviation passenger information system in its daily operations and also during the heavy security period around Chinese New year and the convention of meetings of the National People's Congress and the People's Political Consultative Conference.

FINANCIAL CONDITIONS AND OPERATIONAL PERFORMANCE FOR THE FIRST HALF OF 2015

Summary

The management's discussion and analysis on the financial conditions and operational performance of the Group are as follows:

For the first half of 2015, the Group achieved a profit before tax of RMB1,396.3 million, representing an increase of 7.4% compared to the first half of 2014. Earnings before interest and tax, depreciation and amortization (EBITDA) amounted to RMB1,602.2 million, representing an increase of 10.1% compared to the first half of 2014. Profit attributable to equity holders of the Company was RMB1,156.4 million, representing an increase of 2.0% compared to the first half of 2014. The increase in profit of the Group was mainly attributable to the strict control of operating expenses amid a growth in revenue.

The revenue and results of the operation of the Group were mainly derived from its operations in the PRC. The earnings per share of the Group were RMB0.40 for the first half of 2015.

Total revenue

The total revenue of the Group in the first half of 2015 amounted to RMB2,632.9 million, representing an increase of RMB91.4 million or 3.6% from RMB2,541.5 million in the first half of 2014. Such increase in total revenue was mainly attributable to the growth in the business volume of the Group. The increase in total revenue is reflected as follows:

- Aviation Information Technology ("AIT") service revenue represented 57.8% of the Group's total revenue in the first half of 2015, as compared to 53.9% in the first half of 2014. AIT service revenue increased by 11.1% to RMB1,521.3 million in the first half of 2015 from RMB1,369.8 million in the first half of 2014. The main sources of the

revenue were Inventory Control System (“ICS”) service, Computer Reservation System (“CRS”) service and Airport Passenger Processing (“APP”) service, as well as other extended information technology services related to the above core businesses provided by the Group to commercial airlines. The increase of revenue resulted primarily from the growth in the number of air travelers.

- Accounting, settlement and clearing services revenue accounted for 9.2% of the Group’s total revenue in the first half of 2015, as compared to 8.2% for the first half of 2014. Accounting, settlement and clearing services revenue increased by 16.4% to RMB243.4 million in the first half of 2015 from RMB209.1 million for the first half of 2014. The main source of the revenue was accounting, settlement and clearing services provided by the Group to third parties including commercial airlines, airports, agencies and government bodies. The increase of revenue resulted primarily from the increase in business volume of international accounting, settlement and clearing services.
- System integration service revenue accounted for 11.2% of the Group’s total revenue in the first half of 2015, as compared to 18.8% for the first half of 2014. System integration service revenue decreased by 38.4% to RMB294.5 million in the first half of 2015 from RMB477.8 million for the first half of 2014. The main source of the revenue was the hardware integration, software integration and data and information integration services provided by the Group to airports, commercial airlines and other corporate clients. The decrease of revenue was primarily due to the decrease in the number of contracted projects.
- Data network revenue and other revenue accounted for 21.8% of the Group’s total revenue in the first half of 2015, as compared to 19.1% for the first half of 2014. Data network revenue and other revenue increased by 18.3% to RMB573.7 million in the first half of 2015 from RMB484.8 million for the first half of 2014. The main sources of the revenue were distribution information technology service provided to agencies, travel distribution service provided to travel product providers like hotels and air freight logistics information technology service provided to commercial airlines, airports and cargo shippers, as well as airport information technology service and other business etc. provided by the Group. The increase of revenue resulted primarily from the increase in revenue from data network services.

Operating expenses

Total operating expenses for the first half of 2015 amounted to RMB1,723.8 million, representing a decrease of RMB86.0 million or 4.7%, as compared to RMB1,809.8 million for the first half of 2014. The changes in operating expenses are also reflected as follows:

- Network usage fees increased by 17.9%, mainly due to an increase in the number of networks rented by the Group;
- Depreciation and amortisation increased by 22.6%, primarily due to the renewal of the Group’s equipment;
- Technical support and maintenance fees increased by 9.2%, mainly due to the continuous efforts of the Group in research and development of new products and technologies;

- Commission and promotion expenses increased by 22.6%, mainly due to an increase in system usage in line with the business development of the Group; and
- Cost of software and hardware sold decreased by 54.4%, primarily due to a decrease in newly signed system integration projects of the Group.

Corporate income tax

For details, please see Note 4 to the unaudited condensed consolidated interim financial statements.

Profit attributable to equity holders of the Company

As a result of the above factors, the profit attributable to equity holders of the Group increased by RMB23.1 million or 2.0% to RMB1,156.4 million in the first half of 2015 from RMB1,133.2 million in the first half of 2014.

Liquidity and capital structure

The Group's working capital for the first half of 2015 mainly came from operating activities. Net cash inflow from operating activities amounted to RMB1,726.7 million. During the first half of 2015, the Group neither had short-term or long-term bank loans nor used any financial instruments for hedging purposes. As at June 30, 2015, cash and cash equivalents of the Group amounted to RMB2,975.8 million, of which 94.8%, 4.2% and 0.4% were denominated in Renminbi, US dollars and Hong Kong dollars, respectively.

Charge on assets

As at June 30, 2015, the Group had no charge on its assets.

Restricted bank deposits

As at June 30, 2015, restricted bank deposits in the amount of RMB274.7 million (December 31, 2014: RMB217.5 million) mainly refer to the deposit placed at designated bank accounts as guarantee deposits to secure, amongst others, the construction of the new operating centre in Beijing.

Government grants

The Group received an industry support development fund from Houshayu Town People's Government amounting to RMB410 million in March 2015. For details, please refer to the announcement dated March 10, 2015. The fund was received in June 2015 and has already been included in the unaudited condensed consolidated interim financial statements.

Capital expenditure

The total capital expenditure of the Group amounted to RMB259.6 million for the first half of 2015, representing an increase of RMB23.6 million as compared to that of RMB236.0 million for the first half of 2014. The capital expenditure of the Group for the first half of 2015 consisted principally of purchase of hardware and software and construction of infrastructure in accordance with the Group's development strategies.

The Board estimates that the Group's planned total capital expenditure for the year 2015 will amount to approximately RMB2,206.3 million, which is mainly for construction of the new operating centre in Beijing, development of the new generation of aviation passenger service information system and promotion of other new businesses. In particular, the expenditure to be incurred for the new operating centre in Beijing is estimated to be approximately RMB1.375 billion for 2015. The sources of funding for the capital expenditure commitments will include existing cash on hand and internal cash flow generated from operations. The Board estimates that the sources of funding of the Group in 2015 will be sufficient for its capital expenditure commitments, daily operations and other purposes.

Foreign exchange risks

The Group's foreign exchange risks arise from commercial transactions and assets and liabilities denominated in foreign currency. Fluctuation of the exchange rates of Renminbi against foreign currencies could affect the Group's results of operations.

Gearing ratio

As at June 30, 2015, the gearing ratio of the Group was 19.9% (as at December 31, 2014: 16.9%), which was computed by dividing the total liabilities (non-interest-bearing debts) by the total assets of the Group as at June 30, 2015.

Contingent liabilities

As at June 30, 2015, the Group had no material contingent liabilities.

Trust deposits and irrecoverable overdue time deposits

As at June 30, 2015, the Group did not have any trust deposits and irrecoverable overdue time deposits. All cash deposits held by the Group are deposited with commercial banks and in accordance with applicable laws and regulations.

Employees

As at June 30, 2015, the total number of employees of the Group was 6,302. Staff costs amounted to approximately RMB473.3 million for the first half of 2015, representing approximately 27.5% of the total operating expenses of the Group for the first half of 2015.

The Group has different rates of remuneration for different employees (including executive directors and staff representative supervisors), according to factors including their performance, experiences and positions 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, H share appreciation rights and benefit programs provided in compliance with the relevant regulations in the PRC, as amended from time to time, such as medical insurance, pension insurance, unemployment insurance, maternity insurance, housing funds and corporate annuity.

Currently, none of the non-executive directors of the Company receive any remuneration. Nevertheless, any reasonable fees and expenses incurred by the non-executive directors during their tenure of service will be borne and indemnified by the Company. Independent non-executive directors of the Company receive director's fees and allowances, which are determined by reference to the requirements of the regulatory authorities, prevailing market price, their duties and personal qualifications and experiences, and that any reasonable fees and expenses incurred by independent non-executive directors during their tenure of service will be borne and indemnified by the Company. All directors of the Company (the “**Director(s)**”) are entitled to liability insurance purchased by the Company for the Directors.

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

PROSPECTS FOR THE SECOND HALF OF 2015

In the second half of 2015, upholding the goal of “becoming one of the world's first-class comprehensive information service enterprises” and by adhering to the established development strategies, the Group will continuously refine the organizational management of safe production, systems and processes and technical support system, and take effort to adjust its business structure, market distribution and resource deployment with a focus on enhancing innovation consciousness, technical innovation and collaborative innovation. The Group will also continue to improve its operational management, incentive and binding measures as well as the talent selection, education and retention mechanism. Lastly, the Group will try its best to ensure that major projects, such as the Beijing Shunyi New Operating Centre, will be completed on schedule at the desired quality and quantity.

INTERIM DIVIDEND

The Board recommends the Company not to pay an interim dividend for the first half of 2015.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

In the first half of 2015, the Group had not purchased, sold or redeemed any securities of the Company.

AUDIT COMMITTEE

The Audit Committee of the Company has discussed and reviewed with the Company's management the unaudited interim results of the Group for the six months ended June 30, 2015, and has also discussed among themselves matters such as internal control, risk management and financial reporting.

CORPORATE GOVERNANCE

The Company is committed to establishing and maintaining high level of corporate governance, as well as disclosing information to all the market participants and regulatory authorities in a timely, accurate, complete and reliable manner to enhance the transparency of the Company. The Company has adopted the code provisions as stipulated in the "Corporate Governance Code" and "Corporate Governance Report" (the "**Code Provisions**") in Appendix 14 to the Listing Rules as the Company's code of corporate governance.

The Company has fully complied with the Code Provisions in the first half of 2015. For the six months ended June 30, 2015, the Company has adopted a set of code of conduct based on the required standard as set out in the Model Code. After making specific enquiries to all Directors, the Company confirms that all Directors have acted in full compliance with the requirements regarding directors' securities transactions set out in the provisions of the Model Code and the Company's code of conduct during the six months ended June 30, 2015.

By order of the Board
TravelSky Technology Limited
Yu Xiaochun
Company Secretary

Beijing, the People's Republic of China
August 27, 2015

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

Executive Directors: Mr. Cui Zhixiong and Mr. Xiao Yinhong;

Non-executive Directors: Mr. Wang Quanhua and Mr. Cao Jianxiong;

Independent non-executive Directors: Mr. Cheung Yuk Ming, Mr. Pan Chongyi and Mr. Zhang Hainan