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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)

**(1) REVISION OF ANNUAL CAPS UNDER THE TECHNOLOGY SERVICES PROVISION AGREEMENTS; AND
(2) RENEWAL OF TECHNOLOGY SERVICES PROVISION AGREEMENTS**

Reference is made to the Announcement of the Company dated 28 June 2016 in relation to the renewal of the continuing connected transactions under the China Cargo Technology Services Provision Agreement with China Cargo and the Eastern Logistics Technology Services Provision Agreement with Eastern Logistics.

(1) Revision of annual caps under the technology services provision agreements

As disclosed in the Announcement, China Cargo and Eastern Logistics were both subsidiaries of Eastern Airlines as at 28 June 2016. Eastern Airlines is a subsidiary of Eastern Holding and Eastern Holding is a substantial shareholder of the Company. The Company was informed by Eastern Holding that, after completion of a series of transactions between Eastern Airlines and Eastern Holding in February 2017, China Cargo and Eastern Logistics are no longer subsidiaries of Eastern Airlines but are still subsidiaries of Eastern Holdings. Therefore, China Cargo and Eastern Logistics remain as connected persons of the Company as at the date of this announcement. The Company was further informed by Eastern Holding that the demand of each of China Cargo and Eastern Logistics for the air freight logistics system services provided by the Company under the Technology Services Provision Agreements will be adjusted according to the operation plan of Eastern Holding. Taking this into account, and in order to retain flexibility in making reasonable and necessary adjustments to the proposed transaction amounts with subsidiaries of Eastern Holding and promote efficiency of internal control, the Board considers that, compared with the establishment of individual annual caps with each subsidiary of Eastern Holding, it is more appropriate to set an aggregated annual cap for the transactions with Eastern Holding Group (including China Cargo and Eastern Logistics) contemplated under the Technology Services Provision Agreements. As such, on 25 August 2017 the Board revised the original annual caps under the Technology Services Provision Agreements accordingly.

(2) **Renewal of technology services provision agreements**

Pursuant to the China Cargo Technology Services Provision Agreement and the Eastern Logistics Technology Services Provision Agreement which were renewed on 28 June 2016, the Company has agreed to provide China Cargo and Eastern Logistics, respectively, the air freight logistics system services, which mainly include computer management technology services for air freight business, including services for computer management of flights, routings, space, reservations, ratings, sales, warehouse and claims and settlement, etc., as well as the relevant technology supports for a term of one year ending 31 December 2017. The principal terms of the abovementioned two Technology Services Provision Agreements are substantially the same and further details of which are set out in paragraph headed “Technology Services Provision Agreements” below.

As each of the terms of the aforementioned Technology Services Provision Agreements will expire on 31 December 2017, the parties have agreed to extend each term for one year from 1 January 2018 to 31 December 2018 pursuant to the respective Technology Services Provision Agreements. On 25 August 2017, the Board approved the proposed extension and the aggregated annual cap thereunder.

China Cargo and Eastern Logistics are both subsidiaries of Eastern Holding as at the date of this announcement. Eastern Holding is a substantial shareholder of the Company. Therefore, Eastern Holding and its subsidiaries (including China Cargo and Eastern Logistics) are connected persons of the Company under the Listing Rules. As such, the transactions contemplated under the Technology Services Provision Agreements constitute continuing connected transactions of the Company.

Since the respective highest applicable Percentage Ratio calculated with reference to (i) the revised aggregated annual cap under the Technology Services Provision Agreements for the year ending 31 December 2017; and (ii) the proposed aggregated annual cap under the Technology Services Provision Agreements for the year ending 31 December 2018 is more than 0.1% but less than 5%, the transactions contemplated under the Technology Services Provision Agreements for the year ending 31 December 2017 and the year ending 31 December 2018 and the relevant annual caps are subject to the annual review and announcement requirements but exempt from the independent Shareholders’ approval requirement of Chapter 14A of the Listing Rules.

1. **INTRODUCTION**

Reference is made to the announcement (the “**Announcement**”) of the Company dated 28 June 2016 in relation to the renewal of the continuing connected transactions under the China Cargo Technology Services Provision Agreement with China Cargo and the Eastern Logistics Technology Services Provision Agreement with Eastern Logistics.

2. REVISION OF ANNUAL CAPS UNDER THE TECHNOLOGY SERVICES PROVISION AGREEMENTS

2.1 Background

As disclosed in the Announcement, China Cargo and Eastern Logistics were both subsidiaries of Eastern Airlines as at 28 June 2016. Eastern Airlines is a subsidiary of Eastern Holding and Eastern Holding is a substantial shareholder of the Company. The Company was informed by Eastern Holding that, after completion of a series of transactions between Eastern Airlines and Eastern Holding in February 2017, China Cargo and Eastern Logistics are no longer subsidiaries of Eastern Airlines but are still subsidiaries of Eastern Holdings. Therefore, China Cargo and Eastern Logistics remain as connected persons of the Company as at the date of this announcement. The Company was further informed by Eastern Holding that the demand of each of China Cargo and Eastern Logistics for the air freight logistics system services provided by the Company under the Technology Services Provision Agreements will be adjusted according to the operation plan of Eastern Holding. Taking this into account, and in order to retain flexibility in making reasonable and necessary adjustments to the proposed transaction amounts with subsidiaries of Eastern Holding and promote efficiency of internal control, the Board considers that, compared with the establishment of individual annual caps with each subsidiary of Eastern Holding, it is more appropriate to set an aggregated annual cap for the transactions with Eastern Holding Group (including China Cargo and Eastern Logistics) contemplated under the Technology Services Provision Agreements. As such, on 25 August 2017 the Board revised the original annual caps under the Technology Services Provision Agreements accordingly.

2.2 Original Annual Caps under the Technology Services Provision Agreements

Set out below are the original annual caps for the transactions with each of China Cargo and Eastern Logistics under the respective Technology Services Provision Agreements for the year ending 31 December 2017:

	Year ending 31 December 2017
Transactions with China Cargo under the China Cargo Technology Services Provision Agreement	RMB3,000,000 (equivalent to approximately HK\$3,450,000)
Transactions with Eastern Logistics under the Eastern Logistics Technology Services Provision Agreement	RMB13,000,000 (equivalent to approximately HK\$14,950,000)

2.3 Revised Annual Cap under the Technology Services Provision Agreements

Set out below is the revised aggregated annual cap for the transactions with Eastern Holding Group (including China Cargo and Eastern Logistics) under the Technology Services Provision Agreements for the year ending 31 December 2017:

	Year ending 31 December 2017
Transactions with Eastern Holding Group (including China Cargo and Eastern Logistics) under the Technology Services Provision Agreements	RMB16,000,000 (equivalent to approximately HK\$18,400,000)

The aforementioned aggregated annual cap for the transactions with Eastern Holding Group (including China Cargo and Eastern Logistics) under the Technology Services Provision Agreements for the year ending 31 December 2017 is determined based on the original annual caps for the transactions with each of China Cargo and Eastern Logistics under the China Cargo Technology Services Provision Agreement and the Eastern Logistics Technology Services Provision Agreement for the year ending 31 December 2017 and the estimated business demand of Eastern Holding Group (including China Cargo and Eastern Logistics) for the air freight logistics system services provided by the Company.

The Board further confirms that each original annual cap for the year ending 31 December 2017 under the China Cargo Technology Services Provision Agreement and the Eastern Logistics Technology Services Provision Agreement has not yet been exceeded as at the date of this announcement.

3. RENEWAL OF TECHNOLOGY SERVICES PROVISION AGREEMENTS

3.1 Background

Pursuant to the China Cargo Technology Services Provision Agreement and the Eastern Logistics Technology Services Provision Agreement which were renewed on 28 June 2016, the Company has agreed to provide China Cargo and Eastern Logistics, respectively, the air freight logistics system services, which mainly include computer management technology services for air freight business, including services for computer management of flights, routings, space, reservations, ratings, sales, warehouse and claims and settlement, etc., as well as the relevant technology supports for a term of one year ending 31 December 2017. The principal terms of the abovementioned two Technology Services Provision Agreements are substantially the same and further details of which are set out in paragraph headed “Technology Services Provision Agreements” below.

As each of the terms of the aforementioned Technology Services Provision Agreements will expire on 31 December 2017, the parties have agreed to extend each term for one year from 1 January 2018 to 31 December 2018 pursuant to the respective Technology Services Provision Agreements. On 25 August 2017, the Board approved the proposed extension and the aggregated annual cap thereunder.

3.2 Technology Services Provision Agreements

Date: 19 December 2013 (extended on 28 June 2016 and 25 August 2017)

Scope of work: The Company will provide air freight logistics system services, which mainly include computer management technology services for air freight business, including services for computer management of flights, routings, space, reservations, ratings, sales, warehouse and claims and settlement, etc., as well as the relevant technology supports.

Pricing of fees: The service fees for the technology services include (i) fees for each waybill handled by the air freight logistics system up to a maximum allowable price of RMB6 for international and regional routes and up to a maximum allowable price of RMB2.5 for domestic routes depending on the types of waybills; and (ii) other miscellaneous fees, including but not limited to communication fees.

Such fees will be payable by China Cargo/Eastern Logistics in cash every two months.

The fees were determined and agreed between the parties on an arm's length basis based on the market price of services of a similar kind.

Term: 1 January 2018 to 31 December 2018

3.3 Historical Transaction Records

Set out below are the historical transaction amounts under the Technology Services Provision Agreements for the three years ended 31 December 2016 and six months ended 30 June 2017:

	Year ended 31 December			Six months ended
	2014	2015	2016	30 June 2017 (unaudited)
Transactions with China Cargo under the China Cargo Technology Services Provision Agreement	RMB2,736,000 (equivalent to approximately HK\$3,146,400)	RMB2,277,000 (equivalent to approximately HK\$2,618,550)	RMB2,199,000 (equivalent to approximately HK\$2,528,850)	RMB1,119,000 (equivalent to approximately HK\$1,286,850)
Transactions with Eastern Logistics under the Eastern Logistics Technology Services Provision Agreement	RMB11,187,000 (equivalent to approximately HK\$12,865,050)	RMB10,772,000 (equivalent to approximately HK\$12,387,800)	RMB11,595,000 (equivalent to approximately HK\$13,334,250)	RMB5,592,000 (equivalent to approximately HK\$6,430,800)
Total:	RMB13,923,000 (equivalent to approximately HK\$16,011,450)	RMB13,049,000 (equivalent to approximately HK\$15,006,350)	RMB13,794,000 (equivalent to approximately HK\$15,863,100)	RMB6,711,000 (equivalent to approximately HK\$7,717,650)

3.4 Annual Cap for the Provision of Technology Services

Annual Cap

Set out below is the proposed aggregated annual cap for the transactions with Eastern Holding Group (including China Cargo and Eastern Logistics) under the Technology Services Provision Agreements for the year ending 31 December 2018:

	Year ending 31 December 2018
Transactions with Eastern Holding Group (including China Cargo and Eastern Logistics) under the Technology Services Provision Agreements	RMB18,000,000 (equivalent to approximately HK\$20,700,000)

Basis of the Annual Caps

The aforementioned proposed aggregated annual cap is determined with reference to (i) the actual transaction amounts for the three years ended 31 December 2016 and six months ended 30 June 2017 as disclosed in the paragraph above headed “Historical Transaction Records” in this announcement; (ii) the business volume of the relevant air freight logistics business of Eastern Holding Group estimated by the Company.

3.5 The Reasons for and Benefits of the Continuing Connected Transactions

The provision of the air freight logistics system services under the Technology Services Provision Agreements is in the ordinary and usual course of business of the Group. The Group will receive service fees for provision of such services and thus such transactions will increase the total revenue of the Group.

The Directors (including the independent non-executive Directors) are of the view that the transactions under the Technology Services Provision Agreements have been conducted in the ordinary and usual course of business of the Group and are on normal commercial terms, and the terms of the transactions and the relevant annual cap are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. IMPLICATIONS UNDER THE LISTING RULES

China Cargo and Eastern Logistics are both subsidiaries of Eastern Holding as at the date of this announcement. Eastern Holding is a substantial shareholder of the Company. Therefore, Eastern Holding and its subsidiaries (including China Cargo and Eastern Logistics) are connected persons of the Company under the Listing Rules. As such, the transactions contemplated under the Technology Services Provision Agreements constitute continuing connected transactions of the Company.

Since the respective highest applicable Percentage Ratio calculated with reference to (i) the revised aggregated annual cap under the Technology Services Provision Agreements for the year ending 31 December 2017; and (ii) the proposed aggregated annual cap under the Technology Services Provision Agreements for the year ending 31 December 2018 is more than 0.1% but less than 5%, the transactions contemplated under the Technology Services Provision Agreements for the year ending 31 December 2017 and the year ending 31 December 2018 and the relevant annual caps are subject to the annual review and announcement requirements but exempt from the independent Shareholders’ approval requirement of Chapter 14A of the Listing Rules.

Mr. Li Yangmin has abstained from voting on the resolution in relation to (i) the revision of annual caps under the Technology Services Provision Agreements for the year ending 31 December 2017; and (ii) the extension of the terms of the Technology Services Provision Agreements and the proposed aggregated annual cap for the year ending 31 December 2018 as he is an employee of Eastern Holding. Except for the above, none of the Directors has a material interest in the abovementioned transactions and none of them has abstained from voting on the relevant Board resolution.

5. 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 Eastern Holding, China Cargo and Eastern Logistics

Eastern Holding is principally engaged in managing all the state-owned assets and equity interest formed and invested by the state in CEA Holding and its invested enterprises. Both China Cargo and Eastern Logistics, being subsidiaries of Eastern Holding, are principally engaged in the provision of cargo carriage services.

6. DEFINITIONS

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

“Board”	the board of Directors
“China Cargo”	China Cargo Airlines Co., Ltd.* (中國貨運航空有限公司), a subsidiary of Eastern Holding as at the date of the announcement
“China Cargo Technology Services Provision Agreement”	the technology services provision agreement entered into on 19 December 2013 between the Company and China Cargo and renewed on 28 June 2016 and 25 August 2017, and the term of which has been extended to 31 December 2018, pursuant to which the Company has agreed to provide China Cargo the air freight logistics system services
“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
“Director(s)”	the director(s) of the Company
“Eastern Airlines”	China Eastern Airlines Corporation Limited* (中國東方航空股份有限公司), a subsidiary of Eastern Holding as at the date of this announcement
“Eastern Holding”	China Eastern Air Holding Company* (中國東方航空集團公司), a substantial shareholder of the Company as at the date of this announcement
“Eastern Holding Group”	Eastern Holding and its subsidiaries, including but not limited to China Cargo and Eastern Logistics
“Eastern Logistics”	Shanghai Eastern Air Logistics Co., Ltd.* (東方航空物流有限公司), a subsidiary of Eastern Holding as at the date of the announcement
“Eastern Logistics Technology Services Provision Agreement”	the technology services provision agreement entered into on 19 December 2013 between the Company and Eastern Logistics and renewed on 28 June 2016 and 25 August 2017, and the term of which has been extended to 31 December 2018, pursuant to which the Company has agreed to provide Eastern Logistics the air freight logistics system services
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Percentage Ratio(s)”	the percentage ratio(s) described under Rule 14.07 of the Listing Rules
“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
“Shareholder(s)”	the shareholders of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning as ascribed to it under the Listing Rules
“Technology Services Provision Agreement(s)”	the technology services provision agreement(s) entered into or to be entered into between the Company and Eastern Holding Group in relation to the provision of air freight logistics system services by the Company, including the China Cargo Technology Services Provision Agreement and the Eastern Logistics Technology Services Provision Agreement, and the principal terms of which are substantially the same and the details of which are set out in paragraph headed “Technology Services Provision Agreements” in this announcement
“%”	per cent

* *for identification purposes only*

For the purpose of this announcement, unless otherwise indicated, the exchange rate at RMB1 = HK\$1.15 has been used, where applicable, for the purpose of illustration only and not constitute a representation that any amount have been, could have been or may be exchanged.

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

Beijing, PRC

25 August 2017

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

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

Non-executive Directors: Mr. Cao Jianxiong, Mr. Li Yangmin and Mr. Yuan Xin'an;

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