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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: 0696)**

## **CONNECTED TRANSACTION**

On 8 December 2011, the Company entered into the Contracts with Shenzhen Cares pursuant to which the Company has agreed to subcontract certain works of the Project to Shenzhen Cares.

Shenzhen Cares is a connected person of the Company pursuant to Rule 14A.11(5) of the Listing Rules.

Since each of the applicable Percentage Ratios calculated with reference to the total contract sums under the Contracts is more than 0.1% but less than 5%, the Transaction constitutes a connected transaction subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **CONNECTED TRANSACTION**

The Board announces that on 8 December 2011, the Company has entered into the Contracts with Shenzhen Cares pursuant to which the Company has agreed to subcontract the following works to Shenzhen Cares:—

1. Implementation and services of the departure control system of the expansion work of the T3 terminal of Shenzhen Airport; and
2. Purchase of third party software and hardware equipment.

## THE CONTRACTS

Further details of each of the contract are set out below:–

### The Implementation and Services Contract

Date: 8 December 2011

Parties: (1) The Company (as contractor)  
(2) Shenzhen Cares (as subcontractor)

Completion date: Shenzhen Cares is to satisfy the progress requirements as applicable between the Main Contractor and the Company.

Scope of work: Under the Implementation and Services Contract, the Company's obligations include the following:

- In accordance with the payment progress and payment ratio as agreed between the Main Contractor and the Company, the Company is to pay the relevant sum to Shenzhen Cares for the completion at various stages of the work within 30 days after the receipt from the Main Contractor of the relevant contract sum of the Project.

Shenzhen Cares' obligations include, among others, the following:

- Satisfy the requirements in the tender documents during the implementation and services of the departure control system/safety information management system of the expansion work of Shenzhen Airport terminal;
- Satisfy the contractual requirements between the SAPM and No. 2 Research Institute of CAAC;
- Satisfy the contractual requirements between No. 2 Research Institute of CAAC and the Company;
- Satisfy the relevant contractual modification clauses and work progress of SAPM;
- Satisfy the stipulated arrival time of third parties software and hardware;
- Satisfy the quality standard as agreed between the Company and No. 2 Research Institute of CAAC;
- Complete purchase, installation and testing of the equipment in accordance with the construction drawing and the mutual agreements between the Company, No. 2 Research Institute of CAAC, SAPM and the supervision units;

- Act in accordance with the Company on site;
- Fully liable to accidents happened at the construction site;
- Liable to the economic loss of the Company; and
- Satisfy the warranty requirements as agreed between the Company and No. 2 Research Institute of CAAC.

Contract sum and payment terms:

RMB5,474,800, equivalent to approximately HK\$6,676,585.4, which shall be paid by the Company to Shenzhen Cares by way of cheque or direct remittance in the following manner:

- 15% of the total contract sums (i.e. RMB821,220, equivalent to approximately HK\$1,001,487.8) to be paid as down payment within 30 days after the receipt from the Main Contractor of the relevant contract sum of the Project;
- 80% of the total contract sums (i.e. RMB4,379,840, equivalent to approximately HK\$5,341,268.3) to be paid upon passing of the examination and within 30 days after the receipt from the Main Contractor of the relevant contract sum of the Project;
- 5% of the total contract sums (i.e. RMB273,740, equivalent to approximately HK\$333,829.3), payable after the warranty period expires.

The above contract sum has been determined and agreed between the parties on an arm's length basis based on the scale of work and actual circumstances and after taking into account the costs and income of both parties and the market conditions.

Other main obligations of the Company:

- In the event that the Company fails to pay the relevant contract sum to Shenzhen Cares within the periods as specified above, it is obliged to pay a default fee, which equals 5% of the amount payable times the number of days delayed.

## **The Purchase Contract**

Date: 8 December 2011

Parties:

- (1) The Company (as contractor)
- (2) Shenzhen Cares (as subcontractor)

Completion date: Shenzhen Cares is to satisfy the progress requirements as applicable between the Main Contractor and the Company.

Scope of work:

Under the Implementation and Services Contract, the Company's obligations include the following:

- In accordance with the payment progress and payment ratio as agreed between the Main Contractor and the Company, the Company is to pay the relevant sum to Shenzhen Cares for the completion at various stages of the work within 30 days after the receipt from the Main Contractor of the relevant contract sum of the Project.

Shenzhen Cares' obligations include, among others, the following:

- Satisfy the requirements in the tender documents during the provision of all third parties' software and hardware equipment of the departure control system/safety information management system of the expansion work of Shenzhen Airport terminal;
- Satisfy the contractual requirements between the SAPM and No. 2 Research Institute of CAAC;
- Satisfy the contractual requirements between No. 2 Research Institute of CAAC and the Company;
- Satisfy the relevant contractual modification clauses and work progress of SAPM;
- Satisfy the stipulated arrival time of third parties software and hardware;
- Satisfy the quality standard as agreed between the Company and No. 2 Research Institute of CAAC;
- Complete purchase, installation and testing of the third parties' software and hardware equipment in accordance with the construction drawing and the mutual agreements between the Company, No. 2 Research Institute of CAAC, SAPM and the supervision units;
- Act in accordance with the Company on site;
- Fully liable to accidents happened at the construction site;
- Liable to the economic loss of the Company; and
- Satisfy the warranty requirements as agreed between the Company and No. 2 Research Institute of CAAC.

Contract sum and payment terms: RMB22,955,610, equivalent to approximately HK\$27,994,646.3, which shall be paid by the Company by way of cheque or direct remittance to Shenzhen Cares in the following manner:

- 15% of the total contract sums, setting off RMB2,677,517.41 being the performance guarantee as paid in advance (i.e. RMB765,824.09, equivalent to approximately HK\$933,931.8) to be paid as down payment within 30 days after the receipt from the Main Contractor of the relevant contract sum of the Project;
- 80% of the total contract sums (i.e. RMB18,364,488, equivalent to approximately HK\$22,395,717) to be paid upon passing of the examination and within 30 days after the receipt from the Main Contractor of the relevant contract sum of the Project;
- 5% of the total contract sums (i.e. RMB1,147,780.5, equivalent to approximately HK\$1,399,732.3, payable after the warranty period expires.

The above contract sum has been determined and agreed between the parties on an arm's length basis based on the scale of work and actual circumstances and after taking into account the costs and income of both parties and the market conditions.

- Other main obligations of the Company:
- In the event that the Company fails to pay the relevant contract sum to Shenzhen Cares within the periods as specified above, it is obliged to pay a default fee, which equals 5% of the amount payable times the number of days delayed.

## **REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION**

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

As mentioned above, the Company has been engaged for providing service in relation to the Project for Shenzhen Airport. The Project spans a long period of time and Shenzhen Airport is located at a remote area. In order to better manage the coordination at the construction site, the Company has decided to subcontract certain works of the Project to Shenzhen Cares, which has office located at Shenzhen Airport. The Board believes that it will be for the benefit of the Company to cooperate with Shenzhen Cares by subcontracting to them certain work required for the Project.

The Directors (including the independent non-executive Directors) are of the view that the Transaction will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and that the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## IMPLICATIONS UNDER THE LISTING RULES

Shenzhen Cares is a non-wholly owned subsidiary of the Company owned as to 61.47% by the Company, 5.59% by China Southern Air Holding Company (中國南方航空集團公司), 5.59% by Air China Limited (中國國際航空股份有限公司), a subsidiary of China National Aviation Holding Company (中國航空集團公司), 5.59% by China Xinhua Airlines Company Limited (中國新華航空有限責任公司), 5.59% by Shenzhen Airlines Company Limited (深圳航空有限責任公司), 5.59% by Shenzhen Airport Company Limited (深圳市機場股份有限公司), 5.59% by China Southern Airlines (Group) Shenzhen Company (中國南方航空(集團)深圳公司), a subsidiary of China Southern Air Holding Company and 5% by Sichuan Air Group Company (四川航空集團公司). Shenzhen Cares is therefore a connected person of the Company pursuant to Rule 14A.11(5) of the Listing Rules.

Shenzhen Cares is principally engaged in provision of electronic travel distribution and cargo management services, and sale and installation of the related information system.

Since each of the applicable Percentage Ratios calculated with reference to the total contract sums under the Contracts is more than 0.1% but less than 5%, the Transaction constitutes a connected transaction subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the Transaction and none of them has abstained from voting on the relevant board resolutions.

## DEFINITIONS

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

|                    |   |
|--------------------|---|
| “associate(s)”     | have the same meaning ascribed to it under Chapters 1 and 19A of the Listing Rules  |
| “Board”            | the board of Directors  |
| “CAAC”             | Civil Aviation Administration of China* (中國民用航空總局), the administrative authority in the civil aviation industry in the PRC  |
| “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” | has the same meaning as ascribed to it under the Listing Rules  |
| “Contracts”        | the Implementation and Services Contract and the Purchase Contract  |
| “Directors”        | the directors of the Company  |
| “Group”            | the Company and its subsidiaries  |

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| “HK\$”                                 | Hong Kong dollars, the lawful currency of Hong Kong  |
| “Implementation and Services Contract” | the contract in relation to the implementation and services of the departure control system of the expansion work of Shenzhen Airport terminal entered into between the Company and Shenzhen Cares on 8 December 2011      |
| “Listing Rules”                        | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Main Contractor”                      | No. 2 Research Institute of CAAC* (中國民用航空總局第二研究所)  |
| “Percentage Ratios”                    | the percentage ratios, other than the profits ratio and equity capital ratio, under Rule 14.07 of the Listing Rules  |
| “PRC”                                  | the People’s Republic of China and, for the purpose of this announcement, excludes the Macau Special Administrative Region and the Hong Kong Special Administrative Region   |
| “Project”                              | the overall expansion work of the T3 terminal, including the departure front-end application, Angel CUE platform, CUSS platform, CUSS application, AMB, FCS, safety information management system, etc of Shenzhen Airport |
| “Purchase Contract”                    | the contract in relation to the purchase of third party software and hardware equipment entered into between the Company and Shenzhen Cares on 8 December 2011   |
| “RMB”                                  | Renminbi, the lawful currency of the PRC   |
| “SAPM”                                 | Shenzhen Airport Expansion Project Headquarters* (深圳機場擴建指揮部)   |
| “Shareholder(s)”                       | the shareholders of the Company  |
| “Shenzhen Airport”                     | Shenzhen International Airport* (深圳寶安國際機場)   |
| “Shenzhen Cares”                       | Cares Shenzhen Co., Ltd* (深圳民航凱亞有限公司)  |
| “Stock Exchange”                       | The Stock Exchange of Hong Kong Limited  |
| “Transaction”                          | the transaction contemplated under the Implementation and Services Contract and the Purchase Contract  |
| “%”                                    | per cent   |

\* For identification purpose only

*For the purpose of this announcement, unless otherwise indicated, the exchange rate at HK\$1 = RMB0.82 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**  
**Xu Qiang**  
Chairman

Beijing, the PRC, 8 December 2011

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

|   |   |
|---|---|
| <i>Executive Directors:</i>                 | Mr Xu Qiang ( <i>Chairman</i> ), Mr Cui Zhixiong and Mr Xiao Yinhong; |
| <i>Non-executive Directors:</i>             | Mr Wang Quanhua, Mr Luo Chaogeng and Mr Sun Yude;                     |
| <i>Independent non-executive Directors:</i> | Mr Cheung Yuk Ming, Mr Zhou Deqiang and Mr Pan Chongyi.               |