

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

WAIVER IN RELATION TO CONTINUING CONNECTED TRANSACTIONS

The Board is pleased to announce that it has recently applied to the Stock Exchange for, and the Stock Exchange has granted, the Waiver. The Company would seek a general mandate with a three-year term from the Independent Shareholders in due course in respect of the Continuing Connected Transactions under the Waiver that have their existing terms expiring on 31 December 2011 but will continue after such date. In the event that the terms of new written agreements are materially different from those being approved by the Independent Shareholders, the Company will re-comply with the reporting, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Waiver has been granted on condition that the Company publishes this announcement as soon as possible.

The Company will establish the Independent Board Committee to advise the Independent Shareholders as to whether the Continuing Connected Transactions are (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the shareholders of the Company as a whole, and whether the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the shareholders of the Company as a whole. The Independent Board Committee will advise the Independent Shareholders on how to vote at the EGM on the resolutions in respect of the Continuing Connected Transactions and the Annual Caps, after taking into account the recommendation of the independent financial adviser. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions and the Annual Caps.

A circular containing, among other things, (i) further details of the Continuing Connected Transactions; (ii) a letter from the independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders on the Continuing Connected Transactions and the Annual Caps; (iii) the recommendation of the Independent Board Committee regarding the Continuing Connected Transactions and the Annual Caps to the Independent Shareholders; and (iv) a notice of the EGM will be dispatched to the shareholders of the Company on or before 6 January 2012.

BACKGROUND AND REASONS FOR APPLICATION OF THE WAIVER

The Group plays a strategic and critical role in the proper functioning of civil aviation in the PRC and the services provided by the Group are akin to public services. It is in no position to stop or even partially cease operating its services, even as regards one airlines, simply for the absence of written agreement with the associates of the Substantial Shareholders which are commercial airlines, as any such interruption would bring untold inconvenience and financial loss to all market participants including dependant industries such as tourism and hospitality sectors.

The requirement of having written agreements under Rule 14A.35(1) of the Listing Rules has been taken advantage by the associates of the Substantial Shareholders against the Group with respect to their negotiation of agreements with the Company in attempts to extract advantages, including without limitation to bargain for discounts. Further, despite that the Company has made attempt to start negotiating the renewal of the Continuing Connected Transactions with the associates of the Substantial Shareholders a few months before the expiration of the previous agreements in relation to the Continuing Connected Transactions, they have applied delay tactic in the negotiation process until such time when the previous agreements are about to expire as they know that the Group has little bargaining power due to the time constraint. Furthermore, given the environment in the information technology market changes rapidly, it is not meaningful to start any negotiation of terms (such as the scope of services, products and the pricing) too early as there can always be changes. It is also not the usual norm for this kind of agreement to negotiate far too ahead. The airlines do not think that the late entry of written agreements will cause any problem, as airlines need the Group's technological services for their ordinary daily operation and the Group's provision of services cannot be interrupted. But in any event, written agreements will be entered into but at a later stage.

Therefore, the Company considers that compliance with the requirement of having written agreements under Rule 14A.35(1) of the Listing Rules would be unduly burdensome and impractical and would prejudice and seriously detriment the interests of the Group as the Group would be forced to accept detrimental terms offered by the associates of the Substantial Shareholders for the sake of complying with such requirements.

In view of the foregoing, the Company has recently applied to the Stock Exchange for the Waiver.

APPLICABLE LISTING RULES

Rule 14A.35 states that:

“When an issuer enters into a continuing connected transaction not falling under rule 14A.33, it must:

- (1) in respect of each connected transaction, enter into written agreement(s) with the connected person. The agreement must set out the basis of the calculation of the payments to be made. The period for the agreement must be fixed and reflect normal commercial terms and, except in special circumstances, must not exceed 3 years...”.

GRANT OF WAIVER

The Stock Exchange has granted the Group a waiver from strict compliance with the requirement of having written agreements under Rule 14A.35(1) of the Listing Rules with respect to the following Continuing Connected Transactions between the Group on the one part and the associates of the Substantial Shareholders on the other part. The Waiver is for a three-year term commencing from the expiry of the respective terms of the existing Continuing Connected Transactions and has been granted on condition that the Company publishes this announcement as soon as possible.

CONTINUING CONNECTED TRANSACTIONS UNDER THE WAIVER

Details of the Continuing Connected Transactions under the Waiver are set out below:

(a) *Provision of Technology Services to Eastern Airlines*

Parties: *Service provider:*
The Company

Service recipient:
Eastern Airlines

Terms: 1 January 2012 to 31 December 2014

Services: The scope of technology services consists of the following:–

- (i) Flight control system services which provide, among other services, the consolidated information, flight formation, flight control, flight tickets sales, automatic tickets sales and announcement of freight price;
- (ii) Electronic travel distribution system services which provide, among other services, flight information display, real-time flight reservation, automatic tickets sales, tickets price display and other travel-related services;
- (iii) Airport passenger processing system services which provide check-in, boarding and load planning services; and
- (iv) Civil aviation and commercial data network services which provide, among other services, the network transmission services and connection services.

Service fees: The service fees are currently determined in accordance with the existing pricing schedule prescribed by CAAC, which is the same as the one disclosed in the Company's prospectus dated 29 January 2001.

In accordance with CAAC's prescribed prices, depending on the types of system through which the transactions are processed, Eastern Airlines are required to pay the Company a per passenger booking fee for domestic routes ranging from RMB4.5 to RMB6.5 depending on the monthly booking volume and for international and regional routes ranging from RMB6.5 to RMB7.

In addition, the fees payable by Eastern Airlines to the Company for the services include (i) fees for each boarding passenger handled by the airport passenger processing system up to maximum allowable price of RMB7 for international and regional routes and up to a maximum of allowable price of RMB4 for domestic routes depending on the types of the route, volume, level of services etc, (ii) load balancing fees for each flight handled by the airport passenger processing system up to maximum allowable price of RMB500 depending on the size of the aircraft, and (iii) fees for using the Company's data network services such as physical identified device (PID) connection fees and maintenance fees depending on type and quantity of equipment at the rate prescribed by CAAC.

The service fees shall be calculated on a monthly basis and shall be paid within 30 days after receipt of the invoice by cash. The invoice shall be issued by the Company on the 20th day of each month for the amount charged for the immediately preceding month.

The Directors are of the view that the basis of determination of the service fees mentioned above is fair and reasonable.

(b) Provision of Technology Services to Eastern Wuhan Airlines

Parties: *Service provider:*
The Company

Service recipient:
Eastern Wuhan Airlines

Terms: 1 January 2012 to 31 December 2014

Services: The scope of technology services consists of the following:–

- (i) Flight control system services which provide, among other services, the consolidated information, flight formation, flight control, flight tickets sales, automatic tickets sales and announcement of freight price;
- (ii) Electronic travel distribution system services which provide, among other services, flight information display, real-time flight reservation, automatic tickets sales, tickets price display and other travel-related services;
- (iii) Airport passenger processing system services which provide check-in, boarding and load planning services; and
- (iv) Civil aviation and commercial data network services which provide, among other services, the network transmission services and connection services.

Service fees: The service fees are currently determined in accordance with the existing pricing schedule prescribed by CAAC, which is same as the one disclosed in the Company’s prospectus dated 29 January 2001.

In accordance with CAAC’s prescribed prices, depending on the types of system through which the transactions are processed, Eastern Wuhan Airlines are required to pay the Company a per passenger booking fee for domestic routes ranging from RMB4.5 to RMB6.5 depending on the monthly booking volume and for international and regional routes ranging from RMB6.5 to RMB7.

In addition, the fees payable by Eastern Wuhan Airlines to the Company for the services include (i) fees for each boarding passenger handled by the airport passenger processing system up to maximum allowable price of RMB7 for international and regional routes and up to a maximum of allowable price of RMB4 for domestic routes depending on the types of the route, volume, level of services etc, (ii) load balancing fees for each flight handled by the airport passenger processing system up to maximum allowable price of RMB500 depending on the size of the aircraft, and (iii) fees for using the Company’s data network services such as physical identified device (PID) connection fees and maintenance fees depending on type and quantity of equipment at the rate prescribed by CAAC.

The service fees shall be calculated on monthly basis and shall be paid within 30 days after receipt of the invoice by cash. The invoice shall be issued by the Company on the 20th day of each month for the amount charged for the immediately preceding month.

The Directors are of the view that the basis of determination of the service fees mentioned above is fair and reasonable.

(c) Provision of the revenue management systems development and support services and passenger and cargo revenue accounting and settlement services to Southern Airlines

Parties: Service provider:
ACCA

Service recipient:
Southern Airlines

Terms: 1 January 2012 to 31 December 2014

Services: The scope of technology services consists of the following:–

- (i) Revenue management systems development and support services – the main services provided by ACCA include installation of application software for revenue management system and setting up of the database; technical and application support; maintenance of the software, hardware environment and system safety, etc; setting up of the communication connection solution in respect of the revenue management systems and assisting Southern Airlines in relevant application, installation and testing works; provision of necessary system training, operation and maintenance guidelines.
- (ii) Passenger and cargo revenue accounting and settlement services – provision of business clearing and settlement; sorting, archiving, managing, proofreading, mailing, clearing and business handling of passenger and cargo air tickets; data collection and handling as provided to Southern Airlines by foreign and domestic airlines, report examination and correction, initial and subsequent examinations and adjustment, mail and telegraph preparation and handling, invoice preparation, sorting, archiving, managing, proofreading, mailing, clearing and business handling, etc of invoices and tickets.

Service fees:

Charge rates of revenue management systems development and support services are determined by negotiation with reference to the costs and specifications of the relevant type of services provided and vary depending on the transaction volume (i.e. the higher the transaction volume, the lower the rate). The rate of unit price for revenue management systems development and support services for domestic passengers and for domestic cargo are no more than RMB0.4 and RMB1.8, respectively. The rate of unit price for revenue management systems development and support services for international passengers and for international cargo are no more than RMB1.65 and RMB5.2, respectively.

The fees of revenue accounting and settlement services for passengers, cargo and miscellaneous are determined by negotiation with reference to the rates and rules prescribed in the relevant document issued by the CAAC. The prices of the provision of the services are based on the calculation of the percentage rate (which is no more than 1%) of the total amount involved for the revenue accounting.

Additional services:

Provision of commercial analysis products application services

Service fees:

Service fees consist of the following:

- (a) a fixed monthly fee for usage and operation maintenance for each type of product;
- (b) a one-off system implementation fee of RMB100,000; and
- (c) a commercial development fee of RMB2,000 per person per day (such fee is payable if it is incurred for more than 150 days for the first year of implementation; and for more than 100 days for the second year of implementation).

(d) Provision of the revenue management systems development and support services and passenger and cargo revenue accounting and settlement services to Sichuan Airlines

Parties: *Service provider:*
ACCA

Service recipient:
Sichuan Airlines

Terms: 1 January 2012 to 31 December 2014

Services: Revenue management systems development and support services – the main services provided by ACCA consists of installing application software and database maintenance, providing technical and application support; maintenance of the software, hardware environment and system safety, etc; provision of necessary system training, operation and maintenance guidelines.

Passenger and cargo revenue accounting and settlement services – provision of outward billing; handling of outward billing and invoice, including sorting, archiving, managing, proofreading, mailing, clearing and business handling for international passenger and cargo outward billing business; provision of registration of invoices and management, data collection and handling, report examination and correction, examination, sorting, archiving, managing, proofreading, mailing, clearing, etc of invoices for international passenger and cargo inward examination business.

Service fees: Charge rates of revenue management systems development and support services are determined by negotiation with reference to the costs and specifications of the relevant type of services provided and vary depending on the transaction volume (i.e. the higher the transaction volume, the lower the rate). The rate of unit price for revenue management systems development and support services for domestic passengers and for domestic cargo are no more than RMB0.6 and RMB1.8, respectively.

The fees of revenue accounting and settlement services for passengers, cargo and miscellaneous are determined by negotiation with reference to the rates and rules prescribed in the relevant document issued by the CAAC. The prices of the provision of the services are based on the calculation of the percentage rate (which is no more than 3%) of the total amount involved for the revenue accounting.

HISTORICAL TRANSACTION RECORDS

Set out below is a summary of the aggregated amounts of the Continuing Connected Transactions for the three years ended 31 December 2010 and ten months ended 31 October 2011:

	Year ended 2008	Year ended 2009	Year ended 2010	10 months ended 31 October 2011
CE Airline Transaction and Eastern Wuhan Airline Transaction	RMB371,960,000 (equivalent to approximately HK\$453,610,000)	RMB409,174,000 (equivalent to approximately HK\$498,993,000)	RMB478,285,000 (equivalent to approximately HK\$583,274,000)	RMB362,506,000 (equivalent to approximately HK\$442,080,000)
Southern Airline Transaction	RMB26,212,000 (equivalent to approximately HK\$31,966,000)	RMB29,068,000 (equivalent to approximately HK\$35,449,000)	RMB35,578,000 (equivalent to approximately HK\$43,388,000)	RMB36,655,000 (equivalent to approximately HK\$44,701,000)
Sichuan Airline Transaction	RMB2,692,000 (equivalent to approximately HK\$3,283,000)	RMB2,897,000 (equivalent to approximately HK\$3,533,000)	RMB3,211,000 (equivalent to approximately HK\$3,916,000)	RMB2,927,000 (equivalent to approximately HK\$3,570,000)

Note: the historical transaction figures for the years ended 2008, 2009 and 2010 are audited figures of the Group and the figures for the 10 months ended 31 October 2011 are internal management account figures.

ANNUAL CAPS

Set out below is a summary of the Annual Caps for the Continuing Connected Transactions proposed for the three years ending 31 December 2014:

	2012	Year ending 31 December 2013	2014
CE Airline Transaction and Eastern Wuhan Airline Transaction	RMB631,336,000 (equivalent to approximately HK\$769,922,000)	RMB757,603,000 (equivalent to approximately HK\$923,906,000)	RMB909,124,000 (equivalent to approximately HK\$1,108,688,000)
Southern Airline Transaction	RMB55,591,000 (equivalent to approximately HK\$67,794,000)	RMB69,488,000 (equivalent to approximately HK\$84,741,000)	RMB86,860,000 (equivalent to approximately HK\$105,927,000)
Sichuan Airline Transaction	RMB5,017,000 (equivalent to approximately HK\$6,118,000)	RMB6,272,000 (equivalent to approximately HK\$7,649,000)	RMB7,839,000 (equivalent to approximately HK\$9,560,000)

BASIS OF THE ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS

(a) Provision of technology services under the CE Airline Transaction and the Eastern Wuhan Airline Transaction

The Annual Caps are determined with reference to (i) the historical transaction amounts of such type of transactions between the Group and the connected persons for the year ended 31 December 2010 and the ten months ended 31 October 2011 and the historical annual growth of business with CE Airlines and Eastern Wuhan Airlines in 2011; (ii) the estimated annual growth rate of 20% in the transaction volume taking into account of the anticipated growth of the PRC's aviation and travel industry and economy in general; and (iii) the expansion of the airlines' businesses from time to time through acquisition of other airlines or establishing more subsidiaries or branches.

(b) Provision of (i) revenue management systems development and support services and (ii) passenger and cargo revenue accounting and settlement services under the Southern Airline Transaction and the Sichuan Airline Transaction

The Annual Caps are determined with reference to (i) the historical transaction amounts of such type of transactions between the Group and the connected persons for the year ended 31 December 2010 and the ten months ended 31 October 2011 and the historical annual growth of business with Southern Airlines and Sichuan Airlines in 2011; (ii) an estimated annual growth rate of 25% in the level of service and scope of services provided by the Group taking into account of the anticipated growth of the PRC's aviation and travel industry and economy in general; and (iii) the expansion of the airlines' businesses from time to time through acquisition of other airlines or establishing more subsidiaries or branches.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Group is principally engaged in 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.

ACCA, a wholly owned subsidiary of the Company since 3 March 2009, is principally engaged in the provision of accounting, settlement and clearing services and information system development and support services to commercial airlines and other aviation companies.

The provision of the various services as described in the section headed "Continuing Connected Transactions under the Waiver" 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 are of the view that the Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Continuing Connected Transactions and the Annual Caps are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION ABOUT THE CONNECTED COUNTERPARTIES

Eastern Airlines

Eastern Air is a substantial shareholder of the Company. Eastern Airlines, being a subsidiary of Eastern Air, is an associate of Eastern Air. Therefore, according to Rule 14A.11(4) of the Listing Rules, Eastern Airlines, being an associate of a connected person, is also a connected person of the Company.

Eastern Airlines is a company listed on the Main Board of the Stock Exchange (Stock Code: 670) and is principally engaged in the operation of civil aviation, including the provision of passenger, cargo, mail delivery and other extended transportation services.

Eastern Wuhan Airlines

Eastern Wuhan Airlines is owned as to 96% by Eastern Airlines, a subsidiary of Eastern Air. Therefore, Eastern Wuhan Airlines is a connected person of the Company by virtue of its being an associate of Eastern Air. Eastern Wuhan Airlines is principally engaged in airline operation in the PRC.

Southern Airlines

Southern Airlines is a subsidiary of Southern Air, a substantial shareholder of the Company. As an associate of a substantial shareholder of the Company, Southern Airlines is a connected person of the Company under Rule 14A.11(4) of the Listing Rules. Southern Airlines is principally engaged in the provision of domestic, Hong Kong and Macau and international passenger, cargo and mail airline services. It is also a company listed on the Main Board of the Stock Exchange.

Sichuan Airlines

Sichuan Airlines is owned as to 40% by Sichuan Air Group Company (四川航空集團有限責任公司), 39% by Southern Airlines, 10% by Shanghai Airlines Company Limited (上海航空股份有限公司), 10% by Shandong Airlines Company Limited (山東航空股份有限公司) and 1% by an independent third party. By virtue of its being an associate of Southern Airlines, which is a subsidiary of Southern Air (a substantial shareholder of the Company), Sichuan Airlines is therefore a connected person of the Company under Rule 14A.11(4) of the Listing Rules. It is principally engaged in airline operation in the PRC.

IMPLICATIONS UNDER THE LISTING RULES

The Company proposes to seek a general mandate with a three-year term ending 31 December 2014 from the Independent Shareholders in order to continue the Continuing Connected Transactions under the Waiver that have their existing terms expiring on 31 December 2011 but will continue after such date. In the event that the terms of new written agreements are materially different from those being approved by the Independent Shareholders, the Company will re-comply with the reporting, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will establish the Independent Board Committee to advise the Independent Shareholders as to whether the Continuing Connected Transactions are (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the

shareholders of the Company as a whole, and whether the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the shareholders of the Company as a whole. The Independent Board Committee will advise the Independent Shareholders on how to vote at the EGM on the resolutions in respect of the Continuing Connected Transactions and the Annual Caps, after taking into account the recommendations of the independent financial adviser. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions and the Annual Caps.

A circular containing, among other things, (i) further details of the Continuing Connected Transactions; (ii) a letter from the independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders on the Continuing Connected Transactions and the Annual Caps; (iii) the recommendation of the Independent Board Committee regarding the Continuing Connected Transactions and the Annual Caps to the Independent Shareholders; and (iv) a notice of the EGM will be dispatched to the shareholders of the Company on or before 6 January 2012.

Voting at the EGM will be conducted by poll. Pursuant to the Listing Rules, shareholders with a material interest in the Continuing Connected Transactions and their respective associates shall abstain from voting on the relevant resolution(s). The table below sets out the shareholders of the Company who will abstain from voting on the resolutions to consider and approve the general mandate in respect of the Continuing Connected Transactions under the Waiver:

Transactions	Shareholders of the Company to abstain from voting
CE Airline Transaction	Eastern Air, Eastern Airlines, Eastern Wuhan Airlines
Eastern Wuhan Airline Transaction	Eastern Air, Eastern Airlines, Eastern Wuhan Airlines
Southern Airline Transaction	Southern Air and its subsidiary, Xiamen Airlines Company Limited (廈門航空有限公司)
Sichuan Airline Transaction	Southern Air and its subsidiary, Xiamen Airlines Company Limited (廈門航空有限公司), and the controlling shareholder of Sichuan Airlines, Sichuan Airlines Company Limited (四川航空集團有限責任公司)

DEFINITIONS

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

“ACCA”	Accounting Centre of China Aviation Limited Company (中國航空結算有限責任公司), a wholly-owned subsidiary of the Company
“Annual Cap(s)”	the expected maximum aggregate annual amount of the Continuing Connected Transactions for each of the three years ending 31 December 2014, as set out in the paragraph headed “Annual Caps” in this announcement
“associate(s)”	have the same meaning ascribed to it under Chapters 1 and 19A of the Listing Rules

“Board”	the board of Directors
“CE Airline Transaction”	the continuing connected transactions between the Group and Eastern Airlines in relation to the provision of technology services as set out in this announcement
“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 depository shares are traded on the over-the-counter market in the United States of America
“Continuing Connected Transactions”	CE Airline Transaction, Eastern Wuhan Transaction, Southern Airline Transaction and Sichuan Airline Transaction
“Directors”	the directors of the Company
“Eastern Air”	China Eastern Air Holding Limited (中國東方航空集團有限公司), a substantial shareholder of the Company with a shareholding of 11.22% in 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 Air, with a shareholding of 0.86% in the Company
“Eastern Wuhan Airlines”	China Eastern Airlines Wuhan Company Limited (中國東方航空武漢有限責任公司), a subsidiary of Eastern Air, with a shareholding of 0.13% in the Company
“Eastern Wuhan Airline Transaction”	the continuing connected transactions between the Group and Eastern Wuhan Airlines in relation to the provision of technology services as set out in this announcement
“EGM”	extraordinary general meeting of the Company to be convened for the purpose of, among other things, approving the Continuing Connected Transactions and the Annual Caps mentioned in this announcement by the Independent Shareholders, and the notice of which will be set out in a circular to be dispatched to the shareholders of the Company
“Group”	the Company and its subsidiaries, including ACCA
“Independent Board Committee”	the independent board committee of the Company to be formed by the Company to advise the Independent Shareholders in respect of the Continuing Connected Transactions and the Annual Caps as set out in this announcement
“Independent Shareholders”	the shareholders of the Company who are not required to abstain from voting in respect of the relevant Continuing Connected Transactions at the EGM
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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

“Sichuan Airlines”	Sichuan Airlines Company Limited (四川航空股份有限公司), which is owned as to 39% by Southern Airlines
“Sichuan Airline Transaction”	the continuing connected transactions between the Group and Sichuan Airlines in relation to the provision of the revenue management systems development and support services and passenger and cargo revenue accounting and settlement services as set out in this announcement
“Southern Air”	China Southern Air Holding Company (中國南方航空集團公司), a substantial shareholder of the Company with a shareholding of 11.94% in the Company
“Southern Airlines”	China Southern Airlines Company Limited (中國南方航空股份有限公司), a subsidiary of Southern Air
“Southern Airline Transaction”	the continuing connected transactions between the Group and Southern Airlines in relation to the provision of the revenue management systems development and support services and passenger and cargo revenue accounting and settlement services as set out in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Waiver”	a conditional waiver from strict compliance with the requirement of having written agreements under Rule 14A.35(1) of the Listing Rules with respect to the Continuing Connected Transactions. Such waiver is for a three-year term commencing from the expiry of the respective terms of the existing Continuing Connected Transactions
“%”	per cent

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
14 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 Yinghong
<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