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If you have sold or transferred all your shares in **TravelSky Technology Limited**, you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

CONTINUING CONNECTED TRANSACTION AND AMENDMENTS TO ARTICLES OF ASSOCIATION AND NOTICE OF EGM

**Independent financial adviser to
the Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee is set out on page 12 of this circular. A letter from China Merchants containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 21 of this circular.

A notice convening the EGM to be held at Conference Room, 2/F, Prime Hotel, 2 Wangfujing Ave., Beijing, the PRC at 10:00 a.m. on Tuesday, 25 January 2011 is set out on pages 25 to 27 of this circular. Whether or not you intend to be present at the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Hong Kong Registrars Ltd., at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (in case of holders of H Shares) or the registered office of the Company at 7 Yu Min Da Street, Houshayu Town, Shunyi District, Beijing 101308, the PRC (in case of holders of Domestic Shares), no later than 24 hours before the time fixed for holding the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not prevent you from attending, and voting at, the EGM or any adjournment thereof if you so wish.

3 December 2010

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DEFINITIONS

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

“Annual Cap(s)”	the respective expected maximum aggregate annual amount of the transactions under the Sichuan Airlines Services Agreement
“Articles”	articles of association of the Company
“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 (中國民用航空局), the administrative authority in the civil aviation industry in the PRC
“China Merchants”	China Merchants Securities (HK) Co., Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders and a corporation licensed to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“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
“Director(s)”	the director(s) of the Company
“Domestic Shares”	domestic shares of book value of RMB1.00 each in the share capital of the Company
“Eastern Airlines”	China Eastern Airlines Corporation Limited (中國東方航空股份有限公司), a Shareholder and a Promoter of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of approving (i) the Sichuan Airlines Services Agreement; (ii) the Annual Caps for 2011, 2012 and 2013; and (iii) the proposed amendments to the Articles, and the notice of which is set out in this circular
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Shares”	H shares of book value of RMB1.00 each in the share capital of the Company
“Independent Board Committee”	the independent board committee of the Company formed by the Company to advise the Independent Shareholders in respect of the Sichuan Airlines Services Agreement and the Annual Caps for 2011, 2012 and 2013
“Independent Shareholders”	the Shareholders who are not required to abstain from voting on resolutions for approving the Sichuan Airlines Services Agreement and the Annual Caps for 2011, 2012 and 2013 at the EGM
“Latest Practicable Date”	30 November 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“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 circular, excludes the Macao Special Administrative Region of the PRC and Hong Kong
“Promoter”	promoter of the Company
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SAIC”	the State Administration for Industry and Commerce (國家工商行政管理總局)
“Shanghai Airlines”	Shanghai Airlines Company Limited (上海航空股份有限公司), a Shareholder and a Promoter of the Company
“Shareholder(s)”	the shareholders of the Company
“Sichuan Airlines”	Sichuan Airlines Company Limited (四川航空股份有限公司)
“Sichuan Airlines Services Agreement”	the agreement dated 26 January 2005 and entered into between the Company and Sichuan Airlines in relation to the provision of technology services by the Company to Sichuan Airlines for an initial term of three years up to 1 January 2008 which had been extended by three one-year terms up to 31 December 2010 as agreed between the Company and Sichuan Airlines on 14 November 2007, 30 December 2008 and 9 November 2009 as disclosed earlier, and which will be further extended for three years up to 31 December 2013 as agreed between the Company and Sichuan Airlines on 17 November 2010
“Sichuan Airlines Transactions”	the transactions contemplated under the Sichuan Airlines Services Agreement
“Sichuan Group”	Sichuan Air Group Company (四川航空集團公司)
“Southern Airlines”	China Southern Airlines Company Limited (中國南方航空股份有限公司)
“Southern Holding”	China Southern Air Holding Company (中國南方航空集團公司)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For the purpose of this circular, unless otherwise indicated, the exchange rate at HK\$1 = RMB0.88 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.

LETTER FROM THE BOARD



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)

Directors:

Xu Qiang (*Chairman*)
Cui Zhixiong
Xiao Yinhong
Wang Quanhua[#]
Luo Chaogeng[#]
Sun Yude[#]
Cheung Yuk Ming^{##}
Zhou Deqiang^{##}
Pan Chongyi^{##}

Registered office:

7 Yu Min Da Street
Houshayu Town
Shunyi District
Beijing 101308
the PRC

[#] *Non-executive Directors*

^{##} *Independent non-executive Directors*

3 December 2010

To the Shareholders

Dear Sir/Madam

CONTINUING CONNECTED TRANSACTION AND AMENDMENTS TO ARTICLES OF ASSOCIATION AND NOTICE OF EGM

INTRODUCTION

Reference is made to the Company's announcement dated 17 November 2010. The Board proposed to seek the Independent Shareholders' approval for the Sichuan Airlines Services Agreement and the Annual Caps for 2011, 2012 and 2013, and the Shareholders' approval for the proposed amendments to the Articles.

The purposes of this circular are to provide you with, among other things, (i) further details of the Sichuan Airlines Services Agreement; (ii) a letter of advice from China Merchants to the Independent Board Committee and the Independent Shareholders on the Sichuan Airlines Services Agreement and the Annual Caps for 2011, 2012 and 2013; (iii) the recommendation of the Independent Board Committee regarding the Sichuan Airlines Services Agreement and the Annual Caps for 2011, 2012 and 2013, to the Independent Shareholders; and (iv) the proposed amendments to the Articles, and to give you notice of the EGM.

LETTER FROM THE BOARD

CONTINUING CONNECTED TRANSACTION

The Company has been providing certain technology services to Sichuan Airlines under the Sichuan Airlines Services Agreement. The existing term of the Sichuan Airlines Services Agreement will expire on 31 December 2010. Having been satisfied with the existing good working relationship, the Company and Sichuan Airlines have reached an agreement on 17 November to renew the Sichuan Airlines Services Agreement for a further term up to 31 December 2013 upon the expiry of the existing term on 31 December 2010.

Sichuan Airlines Services Agreement

- Parties: *Service provider:*
The Company
- Service recipient:*
Sichuan Airlines
- Term: 1 January 2011 to 31 December 2013
- 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 ticket 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.

LETTER FROM THE BOARD

Service fees:

The service fees for the technology services 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 pricing schedule, depending on the types of system through which the transactions are processed, a per passenger booking fee is payable 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 service fees 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.

In addition, Sichuan Airlines may choose technology products related to the system services including electronic travel distribution, airport passenger processing and network technology service researched and developed by the Company according to their demands, and enters into separate service terms for the relevant products. The rate charged for relevant products will be determined in accordance with the cost-efficient principle, with reference to market conditions and negotiation between both parties.

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.

LETTER FROM THE BOARD

Historical Transaction Records

Set out below is a summary of the transaction amounts of the Sichuan Airlines Services Agreement for the two years ended 31 December 2009 and nine months ended 30 September 2010:

	Year ended 31 December		Nine months ended
	2008*	2009*	30 September
	RMB'000	RMB'000	2010# RMB'000
Sichuan Airlines Transactions	68,071 (equivalent to approximately HK\$77,353,409)	90,321 (equivalent to approximately HK\$102,637,500)	76,004 (equivalent to approximately HK\$86,368,182)

* Based on figures in the Company's annual report 2008 and 2009

Unaudited figures

Annual Caps

The Annual Caps of the Sichuan Airlines Services Agreement for the three years ending 31 December 2011, 2012 and 2013 are set out below:

	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Annual Caps	152,642.50 (equivalent to approximately HK\$173,457,386)	198,435.20 (equivalent to approximately HK\$225,494,546)	257,965.80 (equivalent to approximately HK\$293,142,955)

The Annual Caps for 2011, 2012 and 2013 are determined with reference to (i) the historical transaction amounts of the Sichuan Airlines Services Agreement between the Company and Sichuan Airlines for the year ending 31 December 2009; (ii) a recorded growth of 32% on the transaction amounts for 2009 as compared to that for 2008; and (iii) the estimated annual growth rate of 30% in the transaction volume taking into account of the anticipated growth of the PRC's aviation and travel industry as well as the increasing frequency of business trips.

Reasons for and Benefits of the 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.

LETTER FROM THE BOARD

The Group will receive service fees for provision of services under the Sichuan Airlines Services Agreement and thus the transactions thereunder will increase the total revenue of the Group. The Sichuan Airlines Transactions will not bring any disadvantage to the Group.

The Directors (including the independent non-executive Directors) are of the view that the transactions under the Sichuan Airlines Services Agreement have been conducted in the ordinary and usual course of business of the Group, are on normal commercial terms, and the terms of the Sichuan Airlines Services Agreement and the Annual Caps for 2011, 2012 and 2013 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Information on Sichuan Airlines

Sichuan Airlines is a domestic airline company in the PRC owned as to 40% by Sichuan Group, 39% by Southern Airlines, 10% by Shanghai Airlines, 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 being an associate of Southern Airlines, which is a subsidiary of Southern Holding (being a substantial Shareholder), Sichuan Airlines is therefore a connected person of the Company under Rule 14A.11(4) of the Listing Rules.

As at the Latest Practicable Date, Mr. Wang Quanhua (a non-executive Director) is a director of Southern Airlines and the Vice-President of Southern Holding. Mr. Wang Quanhua has abstained from voting on the board resolutions in relation to the Sichuan Airlines Services Agreement and the Annual Caps.

Implications under the Listing Rules

Since the revenue ratio with reference to the Annual Caps for the Sichuan Airlines Services Agreement for each of 2011, 2012 and 2013 exceeds 5%, the Sichuan Airlines Services Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

AMENDMENTS TO ARTICLES

As at the Latest Practicable Date, Shanghai Airlines is holding 11,453,000 Domestic Shares. The Board has been notified by Shanghai Airlines and announces that pursuant to a merger between Eastern Airlines and Shanghai Airlines (which is in progress and has not been completed yet), all the Domestic Shares held by Shanghai Airlines shall be transferred to Eastern Airlines upon dissolution of Shanghai Airlines. In order to enable the Company to register the relevant changes in details of holders of Domestic Shares with SAIC, such parts of the Articles which make references to the number of Domestic Shares held by promoters of the Company will be required to be amended accordingly.

The Board further announces that the number of the business license of the Company has been changed by the SAIC pursuant to the Registration Rules. Such parts of the Articles which make references to the number of the business license of the Company will be required to be amended accordingly.

LETTER FROM THE BOARD

Details of the proposed amendments to the Articles are as follows:

1. The 2nd paragraph of Article 1 be amended as follows:
“The existing business licence no. of the Company is 100000000034410.”;
2. “Shareholder 10: Shanghai Airlines Company Limited” be deleted from the list of Promoters in the 3rd paragraph of Article 1 and thereafter the original “Shareholder 11” to “Shareholder 15” be renumbered as “Shareholder 10” to “Shareholder 14” accordingly.
3. The following be added as the 4th paragraph at the end of Article 20:

“Shareholding of Promoters:

Shareholder 1 held 571,484,393 shares, Shareholder 2 held 232,921,000 shares, Shareholder 3 held 218,829,000 shares, Shareholder 4 held 178,867,000 shares, Shareholder 5 held 16,770,000 shares, Shareholder 6 held 43,849,000 shares, Shareholder 7 held 22,100,000 shares, Shareholder 8 held 15,119,000 shares, Shareholder 9 held 12,480,000 shares, Shareholder 10 held 8,697,000 shares, Shareholder 11 held 3,445,000 shares, Shareholder 12 held 2,600,000 shares, Shareholder 13 held 1,599,000 shares, Shareholder 14 held 338,000 shares.”

4. The following content about the shareholding of Promoters in the 2nd paragraph of Article 21 be deleted: “whereas Shareholder 1 held 198,496,500 shares, Shareholder 2 held 116,460,500 shares, Shareholder 3 held 109,414,500 shares, Shareholder 4 held 89,433,500 shares, Shareholder 5 held 2,658,500 shares, Shareholder 6 held 21,924,500 shares, Shareholder 7 held 11,050,000 shares, Shareholder 8 held 7,559,500 shares, Shareholder 9 held 6,240,000 shares, Shareholder 10 held 5,726,500 shares, Shareholder 11 held 4,348,500 shares, Shareholder 12 held 1,722,500 shares, Shareholder 13 held 1,300,000 shares, Shareholder 14 held 799,500 shares, Shareholder 15 held 169,000 shares.”

Note: The above is the English translation of the Chinese version of the proposed amendments to the Articles. Should there be any inconsistencies between the English version and the Chinese version, the Chinese version shall prevail. The amended Articles will be effective upon registration with SAIC.

EGM

The EGM will be held at Conference Room, 2/F, Prime Hotel, 2 Wangfujing Ave., Beijing, the PRC at 10:00 a.m. on Tuesday, 25 January 2011 to consider and, if thought fit, approve(i) the Sichuan Airlines Services Agreement; (ii) the Annual Caps for 2011, 2012 and 2013; and (iii) the proposed amendments to the Articles. Notice of the EGM is set out on pages 25 to 27 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the

LETTER FROM THE BOARD

Company in Hong Kong, Hong Kong Registrars Ltd., at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (in case of holders of H Shares) or the registered office of the Company at 7 Yu Min Da Street, Houshayu Town, Shunyi District, Beijing 101308, the PRC (in case of holders of Domestic Shares), no later than 24 hours before the time fixed for holding the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not prevent you from attending, and voting at, the EGM or any adjournment thereof if you so wish.

VOTING ARRANGEMENTS

Voting at the EGM will be conducted by poll. Pursuant to the Listing Rules, shareholders with a material interest in the transactions contemplated under the Sichuan Airlines Services Agreement, and their respective associates shall abstain from voting on the relevant resolutions. Sichuan Airlines and its associates shall abstain from voting on the resolutions in relation to the Sichuan Airlines Services Agreement and the Annual Caps for 2011, 2012 and 2013, if they hold any shares in the Company. Sichuan Group (holding 40% interest in Sichuan Airlines), Southern Holding (being the holding company of Southern Airlines, which holds 39% in Sichuan Airlines) and Xiamen Airlines Company Limited (廈門航空有限公司) (being a subsidiary of Southern Airlines) will abstain from voting on the resolutions in relation to the Sichuan Airlines Services Agreement and the Annual Caps for 2011, 2012 and 2013.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the EGM must be taken by poll. The Chairman of the EGM will demand a poll for the resolutions to be proposed at the EGM in accordance with the Articles.

The results of the voting will be announced in accordance with Rule 2.07C of the Listing Rules after the EGM.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on page 12 of this circular in connection with the Sichuan Airlines Services Agreement and the Annual Caps for 2011, 2012 and 2013. Your attention is also drawn to the letter of advice from China Merchants to the Independent Board Committee and the Independent Shareholders in connection with the Sichuan Airlines Services Agreement and the Annual Caps for 2011, 2012 and 2013 and the principal factors and reasons considered by it in arriving at such advice set out on pages 13 to 21 of this circular.

The Independent Board Committee, having taken into account the advice of China Merchants, considers that (i) the transactions under the Sichuan Airlines Services Agreement are in the ordinary and usual course of business of the Group, (ii) the terms of the transactions under the Sichuan Airlines Services Agreement are on normal commercial terms and (iii) the terms of the Sichuan Airlines Services Agreement and the Annual Caps for 2011, 2012 and 2013 are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution approving the Sichuan Airlines Services Agreement and the Annual Caps for 2011, 2012 and 2013 at the EGM.

LETTER FROM THE BOARD

With respect to the proposed amendment to the Articles, the Board considers that the special resolution to approve the proposed amendments to the Articles is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favor of the special resolution at the EGM.

GENERAL

Your attention is also drawn to the information set out in the appendix to this circular.

Yours faithfully,
By order of the Board
TravelSky Technology Limited
Xu Qiang
Chairman



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)

3 December 2010

To the Independent Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTION

We refer to the circular (“**Circular**”) issued by the Company to its shareholders dated 3 December 2010 of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board to consider the transactions contemplated under the Sichuan Airlines Services Agreement and the Annual Caps for 2011, 2012 and 2013. China Merchants has been appointed as independent financial adviser to advise us and the Independent Shareholders on the transactions contemplated under the Sichuan Airlines Services Agreement and the Annual Caps for 2011, 2012 and 2013.

We wish to draw your attention to the letter from the Board and the letter from China Merchants set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, China Merchants set out in its letter of advice set out in the Circular, we consider that (i) the transactions under the Sichuan Airlines Services Agreement are in the ordinary and usual course of business of the Group, (ii) the terms of the transactions under the Sichuan Airlines Services Agreement are on normal commercial terms and (iii) the terms of the Sichuan Airlines Services Agreement and the Annual Caps for 2011, 2012 and 2013 are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution approving the Sichuan Airlines Services Agreement and the Annual Caps for 2011, 2012 and 2013 at the EGM.

Yours faithfully,
For and on behalf of the
Independent Board Committee
Cheung Yuk Ming
Zhou Deqiang
Pan Chongyi
Independent Non-executive Directors

LETTER FROM CHINA MERCHANTS

The following is the text of the letter of advice from China Merchants to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



48th Floor
One Exchange Square
Central
Hong Kong

3 December 2010

TravelSky Technology Limited
7 Yu Min Da Street
Houshayu Town
Shunyi District
Beijing 101308
The PRC

*To: the Independent Board Committee and the Independent Shareholders of
TravelSky Technology Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sichuan Airlines Services Agreement and the Annual Caps, details of which are contained in the letter from the Board (the “**Letter from the Board**”) of the circular dated 3 December 2010 (the “**Circular**”) issued by the Company to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As referred to in the Letter from the Board, since the revenue ratio with reference to the Annual Caps for the Sichuan Airlines Services Agreement for each of 2011, 2012 and 2013 exceeds 5%, the Sichuan Airlines Services Agreement is subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. Thus, the Sichuan Airlines Transactions and the Annual Caps are subject to the approval by the Independent Shareholders at the EGM.

In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide you with an independent opinion and recommendation as to whether (i) the Sichuan Airlines Transactions are in the ordinary and

LETTER FROM CHINA MERCHANTS

usual course of business of the Group; (ii) the terms of the Sichuan Airlines Transactions are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole; (iii) 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 as a whole; and (iv) it would be fair and reasonable for the Independent Shareholders to approve the Sichuan Airlines Transactions and the Annual Caps at the EGM.

BASIS OF OUR OPINION

In formulating our advice and recommendation, we have relied on the accuracy of the information and facts supplied, and the opinions expressed by the Group, the Directors and the Group's management to us. We have assumed that all statements of belief and intention made by the Directors in the Circular were made after due and careful enquiries. We have also assumed that all information, representations and opinion made or referred to in the Circular were true, accurate and complete at the time they were made and will continue to be true at the date of the EGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Group, the Directors and the Group's management, and have been advised by the Directors that no material facts have been omitted from the information provided by or referred to in the Circular.

In rendering our opinion, we have researched, analyzed and relied on information in relation to the Group, the Sichuan Airlines Transactions and the Annual Caps as set out below:

- (i) the Sichuan Airlines Services Agreement;
- (ii) the circulars dated 10 October 2007, 10 December 2007, 12 January 2009, 4 February 2009, 25 May 2009, 13 November 2009 and 1 April 2010 published by the Company (the “**Previous Circulars**”);
- (iii) the annual report of the Company for the year ended 31 December 2008 (the “**2008 Annual Report**”);
- (iv) the annual report of the Company for the year ended 31 December 2009 (the “**2009 Annual Report**”); and
- (v) the official website of the Company.

We have also researched, analyzed and relied on information as set out below:

- (i) China Statistical Yearbook 2009 (《中國統計年鑑 – 2009年》) published by the National Bureau of Statistics of China (中華人民共和國國家統計局);
- (ii) the report headed “Production statistics report for civil aviation airports in 2008” (《2008年民航機場生產統計公報》) published on the official website of CAAC on 16 March 2009; and

LETTER FROM CHINA MERCHANTS

- (iii) the report headed “Production statistics report for the nationwide airports in 2009” (《2009年全國機場生產統計公報》) published on the official website of CAAC on 5 February 2010.

We have assumed such information to be accurate and reliable and have not carried out any independent verification on the accuracy of such information. Such relevant information provides us with a basis on which we have been able to formulate our independent opinion.

We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We also consider that we have performed all reasonable steps as required under Rule 13.80 of the Listing Rules (including the notes thereto) to formulate our opinion and recommendation. We have not, however, conducted any form of in-depth investigations into the business affairs, financial position and future prospects of the Group and the parties to the Sichuan Airlines Transactions, nor carried out any independent verification of the information supplied, representations made or opinions expressed by the Group, the Directors and the Group’s management.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation regarding the Sichuan Airlines Transactions and the Annual Caps, we have taken into account the following principal factors and reasons:

I. BACKGROUND

1. Information on the Group

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. The Group’s turnover for each of the three years ended 31 December 2009 is set out below:

	Year ended 31 December		
	2007	2008	2009
	(RMB million)	(RMB million)	(RMB million)
	(Audited)	(Audited)	(Audited)
The Group’s turnover	2,001.9	2,271.2	2,619.5

Source: the 2008 Annual Report and the 2009 Annual Report

LETTER FROM CHINA MERCHANTS

The Group's information in respect of bookings of seats of commercial airlines of the PRC for each of the three years ended 31 December 2009 is set out below:

	Year ended 31 December		
	2007	2008	2009
Number of bookings	195,949,126	202,787,304	240,391,741

Source: the official website of the Company

From the year ended 31 December 2007 to the year ended 31 December 2009, (i) the Group's audited turnover achieved a compound average growth rate ("CAGR") of approximately 14.4%; and (ii) the Group's total bookings on seats of flights of commercial airlines of the PRC achieved a CAGR of approximately 10.8%. As advised by the Directors, the growth in the Group's turnover and total bookings of seats of flights of commercial airlines of the PRC were attributable to: (i) the rapid economic growth in the PRC; (ii) the increase of international trade between the PRC and other countries; and (iii) the growing aviation and tourist industries in the PRC.

2. Information on Sichuan Airlines

Sichuan Airlines is a domestic airline company in the PRC which is owned as to 40% by Sichuan Group, 39% by Southern Airlines, 10% by Shanghai Airlines, 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 being an associate of Southern Airlines, which is a subsidiary of Southern Holding (being a substantial Shareholder), Sichuan Airlines is therefore a connected person of the Company under Rule 14A.11(4) of the Listing Rules.

3. Economy and aviation industry in the PRC

Based on (i) the report headed "Production statistics report for the nationwide airports in 2009" (《2009年全國機場生產統計公報》) published on the official website of CAAC on 5 February 2010; and (ii) the report headed "Production statistics report for civil aviation airports in 2008" (《2008年民航機場生產統計公報》) published on the official website of CAAC on 16 March 2009, the number of passenger traffic of the PRC airports (measured by number of passengers) in the PRC increased from approximately 405.8 million for the year ended 31 December 2008 to approximately 486.1 million for the year ended 31 December 2009, representing an increase of approximately 19.8%.

Based on China Statistical Yearbook 2009 (《中國統計年鑑 – 2009年》) published by the National Bureau of Statistics of China (中華人民共和國國家統計局), from 2000 to 2008, the PRC's gross domestic product increased from approximately RMB9,921 billion to approximately RMB30,067 billion, representing a CAGR of approximately 14.9%.

LETTER FROM CHINA MERCHANTS

Taking into account (i) the robust growth in the passenger traffic of the aviation industry in the PRC; (ii) the steady growth of the gross domestic product in the PRC; and (iii) the CAGR of the Group's turnover of approximately 14.4% from the year ended 31 December 2007 to the year ended 31 December 2009, the Directors expect that the Group's turnover will continue to achieve a growth in the coming years.

II. THE SICHUAN AIRLINES SERVICES AGREEMENT

1. Reasons for and benefits of the Sichuan Airlines Services Agreement

As referred to in the "Letter from the Board", the Group will receive service fees for provision of services under the Sichuan Airlines Services Agreement and thus the transactions will increase the total revenue of the Group. In light of the above, we consider that the Sichuan Airlines Services Agreement is in the ordinary and usual course of business of the Group.

2. The terms of the Sichuan Airlines Services Agreement

As referred to in the "Letter from the Board", the Sichuan Airlines Services Agreement has a term of three years from 1 January 2011 to 31 December 2013. The scope of the technology services are already set out in the "Letter from the Board". The service fees for the technology services 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 pricing schedule, depending on the types of system through which the transactions are processed, a per passenger booking fee is payable 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 service fees 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.

In addition, Sichuan Airlines may choose technology products related to the system services including electronic travel distribution, airport passenger processing and network technology service researched and developed by the Company according to their demands, and enters into separate service terms for the relevant products. The rate charged for relevant products will be determined in accordance with the cost-efficient principle, with reference to market conditions and negotiation between both parties.

LETTER FROM CHINA MERCHANTS

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.

In assessing the fairness and reasonableness of the terms of the Sichuan Airlines Services Agreement, we have compared the terms of the previous continuing connected transactions (the “**Comparable Transactions**”) which were entered into between the Group on one hand, and a number of domestic airlines in the PRC on the other hand, the nature of which is similar to the Sichuan Airlines Transactions. The details of the Comparable Transactions were set out in the Previous Circulars. Based on our analysis, we noted that:

- (i) the service fees for the technology services under the Sichuan Airlines Services Agreement are determined in accordance with the existing pricing schedule prescribed by CAAC;
- (ii) the services fees for the technology services under the Comparable Transactions were also determined in accordance with the pricing schedule prescribed by CAAC;
- (iii) the basis for determination of the service fees for the technology services under the Sichuan Airlines Services Agreement is similar to that of the Comparable Transactions.

In addition, we, on a sampling basis, have reviewed the airlines services agreement (the “**Independent Airlines Services Agreement**”) entered into between the Group and a domestic airline in the PRC, which is an independent third party. As advised by the Directors, the basis for determination of the service fees for the technology services under the Independent Airlines Services Agreement was also determined in accordance with the pricing schedule prescribed by CAAC. Thus, we consider that the pricing terms of the Sichuan Airlines Services Agreement are similar to the technology services entered into between the Group and an independent third party.

In light of the above, we consider that the terms of the Sichuan Airlines Services Agreement 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 are in the interests of the Company and the Shareholders as a whole.

LETTER FROM CHINA MERCHANTS

III. THE ANNUAL CAPS

1. The Annual Caps

The Annual Caps for the three years ending 31 December 2013 are set out below:

	Year ending 31 December		
	2011	2012	2013
Annual Caps	RMB152,642,500	RMB198,435,200	RMB257,965,800

2. The historical transaction amounts of the Sichuan Airlines Services Agreement

Set out below is a summary of the historical transaction amounts of the Sichuan Airlines Services Agreement for the two years ended 31 December 2009 and the nine months ended 30 September 2010:

	Year ended 31 December		Nine months ended
	2008	2009	30 September 2010
Sichuan Airlines Transactions	RMB68,071,000	RMB90,321,000	RMB76,004,000

Source: Letter from the Board

3. The comparison of historical transaction amount of the Sichuan Airlines Transactions and the Annual Caps for the year ending 31 December 2011

In respect of the Sichuan Airlines Transactions, the Annual Cap for the year ending 31 December 2011 is RMB152,642,500, which is (i) higher than the historical transaction amount for the year ended 31 December 2009 of approximately RMB90,321,000 by approximately 69.0%; and (ii) higher than the historical transaction amount for the year ended 31 December 2008 of approximately RMB68,071,000 by approximately 124.2%, representing a CAGR of approximately 30.9%.

4. The basis for the Annual Caps

As referred to in the Letter from the Board, the Annual Caps are determined with reference to (i) the historical transaction amounts of the Sichuan Airlines Transactions for the year ended 31 December 2009; (ii) a record growth of 32% on the transaction amounts for 2009 as compared to that of 2008; and (iii) the estimated annual growth rate of 30% (the “**Adopted Growth Rate**”) in the transaction volume taking into account of the anticipated growth of the PRC’s aviation and travel industry as well as the increasing frequency of business trips.

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We noted that, from the year ended 31 December 2007 to the year ended 31 December 2009, (i) the Group's audited turnover achieved a CAGR of approximately 14.4%; and (ii) the Group's total bookings on seats of flights of commercial airlines of the PRC achieved a CAGR of approximately 10.8%. Notwithstanding the fact that the Adopted Growth Rate (being 30%) is higher than the CAGR of each of (i) the Group's audited turnover from the year ended 31 December 2007 to the year ended 31 December 2009; and (ii) the Group's total bookings on seats of flights of commercial airlines of the PRC from the year ended 31 December 2007 to the year ended 31 December 2009, we consider that the Adopted Growth Rate is acceptable, taking into account:

- (i) the historical transaction amount of the Sichuan Airlines Transactions for the year ended 31 December 2009 (of approximately RMB90,321,000) was higher than the corresponding amount for the year ended 31 December 2008 (of approximately RMB68,071,000) by more than 30%; and
- (ii) the Annual Caps provide buffer to cater for the unanticipated growth in the Group's turnover, which in turn will benefit the Group's business growth in the three years ending 31 December 2013.

5. Overall opinion on the Annual Caps

We consider that the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned, taking into account:

- (i) the positive outlook of the aviation industry in the PRC;
- (ii) the historical growth in the Group's turnover and the booking of seats of commercial airlines of the PRC through the Group's operations;
- (iii) the Annual Cap for the year ending 31 December 2013 is higher than the historical transaction amount for the year ended 31 December 2009 of approximately RMB90,321,000 by approximately 185.6%, representing a CAGR of approximately 30%, which in turn is in line with the Adopted Growth Rate; and
- (iv) the Annual Caps would facilitate the Group's business growth for the three years ending 31 December 2013.

Based on the aforesaid, we consider that 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 as a whole.

LETTER FROM CHINA MERCHANTS

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that (i) the Sichuan Airlines Transactions are in the ordinary and usual course of business of the Group; (ii) the terms of the Sichuan Airlines Services Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole; and (iii) 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 as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the proposed resolutions to approve the Sichuan Airlines Transactions and the Annual Caps at the EGM. We also advise the Independent Shareholders to vote in favour of the proposed resolutions to approve the Sichuan Airlines Transactions and the Annual Caps at the EGM.

For and on behalf of
China Merchants Securities (HK) Co., Limited

Tony Wu
*Managing Director and Head of
Investment Banking Department*

Leo Chan
*Managing Director and Co-Head of
Investment Banking Department*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or are required to be entered in the register maintained in accordance with Section 352 of the SFO, or are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

As at the Latest Practicable Date, each of China TravelSky Holding Company (中國民航信息集團公司), China Southern Air Holding Company (中國南方航空集團公司) and China Eastern Air Holding Company (中國東方航空集團公司) had interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date,

- (a) Mr Xu Qiang (Chairman of the Company and an executive Director) is an employee of China TravelSky Holding Company;
- (b) Mr Wang Quanhua (a non-executive Director) is an employee of China Southern Air Holding Company; and
- (c) Mr Luo Chaogeng (a non-executive Director) is an employee of China Eastern Air Holding Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or Supervisors of the Company is a director, supervisor or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SERVICE AGREEMENT

As at the Latest Practicable Date, none of the Directors or Supervisors had entered or proposed to enter into a service agreement with any member of the Group (which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation)).

4. MATERIAL CHANGES

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2009, being the date to which the latest published audited financial statements of the Group were made up.

5. INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors or Supervisors had any interest, direct or indirect, in any assets which had been since 31 December 2009, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. MATERIAL INTEREST IN CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested in any contracts or arrangement subsisting as at the date hereof which was significant in relation to the business of the Group.

7. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in any business apart from the Company's business which competes or is likely to compete, either directly or indirectly, with the Company's business.

8. EXPERT

- (a) China Merchants is licensed under the SFO for Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO. Its letter of advice to the Independent Board Committee and the Independent Shareholders dated as of the date of this circular was given for the purpose of incorporation herein.
- (b) As at the Latest Practicable Date, China Merchants did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

- (c) As at the Latest Practicable Date, China Merchants did not have any interest, direct or indirect, in any assets which had been since 31 December 2009, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (d) China Merchants has given and has not withdrawn its written consent to the issue of this circular with copy of its letter and the reference to its name and its advice included in this circular in the form and context in which they respectively appear.
- (e) The letter given by China Merchants is given as at of the date of this circular for incorporation herein.

9. GENERAL

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Sichuan Airlines Services Agreement will be available for inspection at the offices of Bird & Bird, 33/F, Three Pacific Place, 1 Queen's Road East, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM.

NOTICE OF EGM

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, 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 notice.



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of TravelSky Technology Limited (the “**Company**”) will be held at Conference Room, 2/F, Prime Hotel, 2 Wangfujing Ave., Beijing, the PRC at 10:00 a.m. on Tuesday, 25 January 2011 to consider and, if thought fit, approve the following resolutions:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the form and substance of the Sichuan Airlines Services Agreement (as defined in the circular (the “**Circular**”) of the Company dated 3 December 2010) (a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) in relation to the provision of technology services by the Company to Sichuan Airlines Company Limited (四川航空股份有限公司) for the period from 1 January 2011 to 31 December 2013 as more particularly set out in the Circular and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Annual Caps for the transactions contemplated under the Sichuan Airlines Services Agreement for the three years ending 31 December 2011, 2012 and 2013 respectively as shown in the Circular be and are hereby approved; and
- (c) the directors of the Company (the “**Directors**”) be and are hereby authorised to take any step as they consider necessary, desirable or expedient in connection with the Sichuan Airlines Services Agreement and the transactions contemplated thereunder.”

NOTICE OF EGM

SPECIAL RESOLUTION

2. **“THAT:**

(a) the articles of association of the Company (the **“Articles”**) be and are hereby amended as follows:

(i) The 2nd paragraph of Article 1 be amended as follows:

“The existing business licence no. of the Company is 100000000034410.”;

(ii) “Shareholder 10: Shanghai Airlines Company Limited” be deleted from the list of Promoters in the 3rd paragraph of Article 1 and thereafter the original “Shareholder 11” to “Shareholder 15” be renumbered as “Shareholder 10” to “Shareholder 14” accordingly.

(iii) The following be added as the 4th paragraph at the end of Article 20:

“Shareholding of Promoters:

Shareholder 1 held 571,484,393 shares, Shareholder 2 held 232,921,000 shares, Shareholder 3 held 218,829,000 shares, Shareholder 4 held 178,867,000 shares, Shareholder 5 held 16,770,000 shares, Shareholder 6 held 43,849,000 shares, Shareholder 7 held 22,100,000 shares, Shareholder 8 held 15,119,000 shares, Shareholder 9 held 12,480,000 shares, Shareholder 10 held 8,697,000 shares, Shareholder 11 held 3,445,000 shares, Shareholder 12 held 2,600,000 shares, Shareholder 13 held 1,599,000 shares, Shareholder 14 held 338,000 shares.”

(iv) The following content about the shareholding of Promoters in the 2nd paragraph of Article 21 be deleted: “whereas Shareholder 1 held 198,496,500 shares, Shareholder 2 held 116,460,500 shares, Shareholder 3 held 109,414,500 shares, Shareholder 4 held 89,433,500 shares, Shareholder 5 held 2,658,500 shares, Shareholder 6 held 21,924,500 shares, Shareholder 7 held 11,050,000 shares, Shareholder 8 held 7,559,500 shares, Shareholder 9 held 6,240,000 shares, Shareholder 10 held 5,726,500 shares, Shareholder 11 held 4,348,500 shares, Shareholder 12 held 1,722,500 shares, Shareholder 13 held 1,300,000 shares, Shareholder 14 held 799,500 shares, Shareholder 15 held 169,000 shares.”

NOTICE OF EGM

- (b) the Directors be and are hereby authorised to file the amended Articles with the State Administration for Industry and Commerce, the PRC, and to take any other steps or sign any document as they consider necessary desirable or expedient in connection with the aforementioned amendments to the Articles.

By order of the Board
TravelSky Technology Limited
Xu Qiang
Chairman

Beijing, the PRC
3 December 2010

Registered office:
7 Yu Min Da Street
Houshayu Town
Shunyi District
Beijing 101308
The PRC

Notes:

1. The register of holders of H shares of the Company (“**H Shares**”) will be closed from 25 December 2010 to 25 January 2011 (both days inclusive), during which time no transfer of H Shares will be effected. Holders of H Shares and domestic shares of the Company (“**Domestic Shares**”) whose names appear on the register of members of the Company at the close of business on 24 December 2010 are entitled to attend the EGM. Transfers of H Shares must be lodged with the branch share registrar of the Company in Hong Kong, Hong Kong Registrars Ltd., at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by 4:30 p.m. on 24 December 2010 in order to entitle the transferee to attend the EGM.
2. A member entitled to attend and vote at the EGM is entitled to appoint one or more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company.
3. The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing, or in the case of a legal person, must either be executed under its seal or under the hand of a legal representative or other attorney duly authorised to sign the same. If that instrument is signed by an attorney of the appointer, the power of attorney authorising that attorney to sign, or other document of authorisation, must be notarially certified. To be valid, for holders of Domestic Shares, the notarially certified power of attorney, or other document of authorisation, and the form of proxy must be delivered to the registered address of the Company no later than 24 hours before the time appointed for the holding of the meeting. To be valid, for holders of H Shares, the above documents must be delivered to Hong Kong Registrars Ltd. within the same period of time.
4. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the EGM or any adjournment thereof. If such member attends the EGM, his form of proxy will be deemed to have been revoked.
5. Shareholders who intend to attend the EGM in person or by proxy should return the reply slip for attending the EGM to the registered address of the Company on or before 5 January 2011 personally or by mail or fax.
6. The EGM is expected to last for half a day. Shareholders (or their proxies) attending the EGM are responsible for their own transportation and accommodation expenses.
7. As at the date hereof, the board of the directors of the Company 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.