
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, stock broker, solicitor, professional accountant or other appropriate independent advisers.

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.

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



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 TRANSACTIONS,
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
NOTICE OF EGM**

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



招商證券(香港)有限公司
CHINA MERCHANTS SECURITIES (HK) CO., LTD.

A letter from the Board is set out on pages 5 to 14 of this circular. A letter from the Independent Board Committee is set out on page 15 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 16 to 25 of this circular.

A notice convening the EGM to be held at the Conference Room, 2nd Floor, Prime Hotel, 2 Wangfujing Ave., Beijing, the PRC at 11 a.m. on Tuesday, 18 May 2010 is set out on pages 29 to 32 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 Floor 18-20, South Wing, Park C, Raycom InfoTech Park, No. 2 Ke Xue Yuan South Road, Haidian District, Beijing, 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.

1 April 2010

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	15
LETTER FROM CHINA MERCHANTS	16
APPENDIX — GENERAL INFORMATION	26
NOTICE OF EGM	29

DEFINITIONS

In this circular, the following expressions shall have the meanings 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
“Agreements”	the Airline Services Agreement, Interline Data Exchange Agreement and Revenue Accounting and Settlement Agreement
“Airline Services Agreement”	the agreement dated 5 November 2004 and entered into between the Company and Shanghai Airlines in relation to the provision of technology services by the Company to Shanghai Airlines for an initial term of five years up to 31 October 2009 which was extended to up to 31 December 2009 and thereafter automatically for a further term as confirmed by Shanghai Airlines on 19 February 2009, which further term was subsequently acknowledged by both parties in March 2010 to be up to 31 December 2010
“Annual Cap(s)”	the expected maximum aggregate annual amount of the Transactions as set out in the paragraph headed “Annual Caps” in this circular
“Articles”	the 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

DEFINITIONS

“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 RMB1.00 each in the capital of the Company
“Eastern Airlines”	China Eastern Airlines Corporation Limited (中國東方航空股份有限公司), which is a subsidiary of Eastern Holding
“Eastern Holding”	China Eastern Air Holding Limited (中國東方航空集團公司)
“EGM”	the extraordinary general meeting of the Company to be held on Tuesday, 18 May 2010 for the purpose of approving (i) the transactions contemplated under the Airline Services Agreement (including the Annual Cap); (ii) the Novation; and (iii) the proposed amendments to the Articles, and the notice of which is set out on pages 29 to 32 of this circular
“First Waiver”	a waiver granted by the Stock Exchange to exempt several Promoters (including Shanghai Airlines) and their respective associates from being regarded as connected persons of the Company as disclosed in the Waiver Announcement
“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 RMB1.00 each in the capital of the Company
“Independent Board Committee”	the independent board committee of the Company established by the Company to advise the Independent Shareholders in respect of the transactions contemplated under the Airline Services Agreement (including the Annual Cap) and the Novation
“Independent Shareholders”	the shareholders of the Company who are not required to abstain from voting in respect of the transactions contemplated under the Airline Services Agreement (including the Annual Cap) and the Novation at the EGM

DEFINITIONS

“Interline Data Exchange Agreement”	the agreement dated 22 March 2007 and entered into between ACCA and Shanghai Airlines in relation to the provision of interline data exchange services by ACCA to Shanghai Airlines for an initial term of three years up to 31 December 2009 which was extended for one year up to 31 December 2010 as confirmed by Shanghai Airlines on 14 January 2010
“Land”	parcels of State-owned land for construction located at 08, 09, 19 and 21 blocks at Xincheng 19 Street, Shunyi District, Beijing
“Latest Practicable Date”	30 March 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
“New Shanghai Airlines”	a company to be established as a wholly-owned subsidiary of Eastern Airlines for the purpose of receiving all of the assets and liabilities of the core aviation business of Shanghai Airlines
“Novation”	the transfer of rights and obligations under the Agreements from Shanghai Airlines to New Shanghai Airlines
“Percentage Ratios”	the percentage ratios, other than the profits ratio and equity capital ratio, under Rule 14.07 of the Listing Rules as calculated on an annual basis
“PRC”	the People’s Republic of China and, for the purpose of this circular, excludes the Macau Special Administrative Region of the PRC and Hong Kong
“Promoter”	promoter of the Company
“Revenue Accounting and Settlement Agreement”	the agreement dated 19 December 2007 and entered into between ACCA and Shanghai Airlines in relation to the provision of passenger and cargo revenue accounting and settlement services by ACCA to Shanghai Airlines for an initial term of one year up to 31 December 2008 which was extended for one year up to 31 December 2009 as confirmed by Shanghai Airlines on 9 December 2008, and further extended for one year up to 31 December 2010 as confirmed by Shanghai Airlines on 26 August 2009
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Airlines”	Shanghai Airlines Company Limited (上海航空股份有限公司)
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning as ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Transactions”	the transactions contemplated under each of the Agreements
“Waiver Announcement”	the announcement of the Company dated 2 September 2009 relating to the grant of waivers in respect of certain continuing connected transactions for the Company
“%”	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 FORM 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:

Floor 18-20, South Wing, Park C
Raycom InfoTech Park

No. 2 Ke Xue Yuan South Road
Haidian District, Beijing 100190
the PRC

[#] *Non-executive Directors*

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

1 April 2010

To the Shareholders

Dear Sir/Madam

CONTINUING CONNECTED TRANSACTIONS, PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND NOTICE OF EGM

INTRODUCTION

Reference is made to the Company's announcements dated 16 March 2010, 23 March 2010 and 29 March 2010. The Board proposes to seek the Independent Shareholders' approval for the transactions contemplated under the Airline Services Agreement (including the Annual Cap) and the Novation, 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 information relating to the transactions contemplated under the Airline Services Agreement (including the Annual Cap) and the Novation; (ii) a letter of advice from China Merchants to the Independent Board Committee and the Independent Shareholders on the transactions contemplated under the Airline Services Agreement (including the Annual Cap) and the Novation; (iii) the recommendation of the Independent Board Committee regarding the transactions contemplated under the Airline Services Agreement (including the Annual Cap) and the Novation to the Independent Shareholders; (iv) the proposed amendments to the Articles, and to give you notice of the EGM.

LETTER FORM THE BOARD

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Waiver Announcement. Pursuant to the grant of the First Waiver (as defined in the Waiver Announcement), Shanghai Airlines, which is a Promoter, was exempt to be regarded as a connected person of the Company.

According to the announcement of Eastern Airlines dated 28 January 2010 in relation to the absorption of Shanghai Airlines, exchange of A shares of Eastern Airlines was completed on 28 January 2010. The Company was advised by Shanghai Airlines that Shanghai Airlines became a wholly-owned subsidiary of Eastern Airlines effective from 28 January 2010. Accordingly, Shanghai Airlines became an associate of Eastern Holding, which is a Promoter and a substantial shareholder of the Company, and thus a connected person of the Company despite the grant of the First Waiver. The existing ongoing transactions between the Group and Shanghai Airlines have therefore become continuing connected transactions for the Company since 28 January 2010.

The Transactions include: (i) provision of technology services by the Company to Shanghai Airlines under the Airline Services Agreement; (ii) provision of passenger and cargo revenue accounting and settlement services by ACCA to Shanghai Airlines under the Revenue Accounting and Settlement Agreement; and (iii) provision of interline data exchange services by ACCA to Shanghai Airlines under the Interline Data Exchange Agreement, details of which are described below.

I. Airline Services Agreement

Parties:	<i>Service provider:</i> The Company
	<i>Service recipient:</i> Shanghai Airlines
Term:	Initial term of five years up to 31 October 2009 which was extended to up to 31 December 2009 and further extended to up to 31 December 2010
Services:	The scope of technology services consists of the following: - <ul style="list-style-type: none">(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 FORM THE BOARD

Service fees: The service fees for the technology services are determined through negotiation between both parties 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.

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.

II. Revenue Accounting and Settlement Agreement

Parties: *Service provider:*
ACCA

Service recipient:
Shanghai Airlines

Term: 1 January 2010 to 31 December 2010

Services: The scope of passenger and cargo revenue accounting and settlement services consists of the provision of data capturing, sales reporting control, sales auditing, prorating, uplift processing, outward and inward billing, coupon matching, accounting, reconciliation and management reporting services for passenger and cargo (as the case may be) revenue accounting and settlement services.

Service fees: The fees of passenger and cargo revenue accounting and settlement services are determined by negotiation with reference to the rates and rules prescribed in the relevant document issued by CAAC. The fees charged to Shanghai Airlines are calculated at rates ranging from 0.9% to 3% of the total accounting amount.

LETTER FORM THE BOARD

III. Interline Data Exchange Agreement

Parties:	<i>Service provider:</i> ACCA
	<i>Service recipient:</i> Shanghai Airlines
Term:	1 January 2010 to 31 December 2010
Services:	The scope of interline data exchange services consists of the provision of the services which include receiving interline outward billing data from various airline companies, identifying the airlines to be charged for receipt of such services (“ Billed Airlines ”), consolidating the data from all of the airline companies on behalf of the Billed Airlines and delivering the data to such Billed Airlines.
Service fees:	A fixed annual service fee of RMB120,000 (equivalent to approximately HK\$136,364).

Historical Transaction Records

Set out below is a summary of the historical transaction amounts of each of the Transactions for each of the three years ended 31 December 2009:

	Year ended 31 December		
	2007*	2008*	2009#
Transactions under the Airline Services Agreement	RMB99,295,000 (equivalent to approximately HK\$112,835,227)	RMB107,714,000 (equivalent to approximately HK\$122,402,273)	RMB107,242,000 (equivalent to approximately HK\$121,865,909)
Transactions under the Revenue Accounting and Settlement Agreement	RMB8,710,000 (equivalent to approximately HK\$9,897,727)	RMB10,627,000 (equivalent to approximately HK\$12,076,136)	RMB7,219,187 (equivalent to approximately HK\$8,203,622)
Transactions under the Interline Data Exchange Agreement	RMB120,000 (equivalent to approximately HK\$136,364)	RMB120,000 (equivalent to approximately HK\$136,364)	RMB120,000 (equivalent to approximately HK\$136,364)

* Based on figures in the Company’s annual report 2007 and 2008

Unaudited figures

LETTER FORM THE BOARD

Annual Caps

Set out below is a summary of the Annual Caps for each of the Transactions:

	Year ending 31 December 2010
Transactions under the Airline Services Agreement	RMB150,000,000 (equivalent to approximately HK\$170,454,545)
Transactions under the Revenue Accounting and Settlement Agreement	RMB14,000,000 (equivalent to approximately HK\$15,909,091)
Transactions under the Interline Data Exchange Agreement	RMB120,000 (equivalent to approximately HK\$136,364)

Provision of Technology Services

The Annual Cap is determined with reference to (i) the historical transaction amounts of the transactions under the Airline Services Agreement for each of the three years ended 31 December 2009; and (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 as well as the increasing frequency of business trips.

Provision of Passenger and Cargo Revenue Accounting and Settlement Services

The Annual Cap is determined with reference to (i) the historical transaction amounts of the transactions under the Revenue Accounting and Settlement Agreement for each of the three years ended 31 December 2009; and (ii) an estimated annual increase of 20% in the level of service and scope of services to be provided by ACCA in 2010, taking into account the future growth rate of aviation industry and the historical growth of airlines' business in the recent years.

Provision of interline data exchange services

The Annual Cap is based on the fixed amount of annual service fee charged under the Interline Data Exchange Agreement.

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

ACCA 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 Group will receive service fees for provision of services contemplated under the Transactions and thus the Transactions will increase the total revenue of the Group.

The Directors (including the independent non-executive Directors) are of the view that the Transactions have been conducted in the ordinary and usual course of business of the Group, are on normal commercial terms, and the terms of the Transactions, the Annual Caps and the Novation as described below are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

Information on Shanghai Airlines

Shanghai Airlines became a wholly-owned subsidiary of Eastern Airlines from 28 January 2010. Accordingly, Shanghai Airlines became an associate of Eastern Holding, which is a Promoter and a substantial shareholder of the Company, and thus a connected person of the Company despite of the grant of the First Waiver. Shanghai Airlines is principally engaged in airline operation in the PRC.

Implications under the Listing Rules

As mentioned above, the Transactions have become continuing connected transactions for the Company since Shanghai Airlines became a wholly owned subsidiary of Eastern Airlines effective from 28 January 2010.

Since one of the Percentage Ratios calculated with reference to the Annual Cap for the transactions contemplated under the Airline Services Agreement exceeds 2.5%, the transactions contemplated under the Airline Services Agreement constitute continuing connected transactions subject to the reporting, announcement and Independent Shareholders' approval requirements. Since the acknowledgement by the Company and Shanghai Airlines of the extension of the term under the Airline Services Agreement to up to 31 December 2010 took place in March 2010 which was after Shanghai Airlines became an associate of Eastern Airlines, the Company is required to comply in full with all the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Airline Services Agreement.

Since each of the Percentage Ratios calculated with reference to the Annual Cap for the transactions contemplated under the Revenue Accounting and Settlement Agreement is more than 0.1% but less than 2.5%, the transactions contemplated under the Revenue Accounting and Settlement Agreement constitute continuing connected transactions subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirements. Pursuant to Rule 14A.41 of the Listing Rules, the Company is required to comply with all applicable reporting and disclosure requirements of Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Revenue Accounting and Settlement Agreement.

LETTER FORM THE BOARD

Since each of the Percentage Ratios calculated with reference to the Annual Cap for the transactions contemplated under the Interline Data Exchange Agreement is less than 0.1%, the transactions contemplated under the Interline Data Exchange Agreement constitute continuing connected transactions exempt from all the reporting, announcement and the Independent Shareholders' approval requirements.

NOVATION

According to the announcement of Eastern Airlines dated 26 February 2010, the implementation of the absorption of Shanghai Airlines would involve the cancellation of Shanghai Airlines upon the establishment of New Shanghai Airlines for the purpose of receiving all of the assets and liabilities of the core aviation business of Shanghai Airlines. If Shanghai Airlines were to be dissolved during the year ending 31 December 2010, the Group may be requested to give consent to, or enter into agreement(s) for, the Novation. If the Group gives consent to, enters into agreement(s) for, the Novation, then this will constitute a connected transaction for the Company. According to the announcement of Eastern Airlines dated 30 March 2010, New Shanghai Airlines was established on 26 March 2010. As at the Latest Practicable Date, the Group has not yet been requested to give any consent to, or enter into any agreement(s) for, the Novation. However, the Company will also seek the Independent Shareholders' approval at the EGM for the giving of consent to, or the entry into of any agreement(s) for, the Novation.

If the Group is requested to give consent to, or enter into any agreement(s) for, variation of any other term of the Agreements (in addition to the change of Shanghai Airlines to New Shanghai Airlines as a party to the Agreements under the Novation), the Company will then comply with the applicable requirements under Chapter 14A of the Listing Rules as and when appropriate.

PROPOSED AMENDMENTS TO THE ARTICLES

As disclosed in the Company's announcement dated 26 January 2010 and circular to its shareholders dated 2 March 2010, the Company has recently acquired the Land, on which the Company has intended to build a new operating centre comprising database centre and the headquarters office building of the Company. The Board proposes to change its registered address to a premises rented by the Company which is located near the Land such that it will be more convenient for the Company to arrange for such matters in connection with the establishment of the new operating centre. Accordingly, the Group proposes to amend the Articles to reflect the new registered address of the Company.

Further, the Board proposes to add a new position of general legal counsel who will assist the manager so as to enhance the management of the Group in relation to legal matters. Accordingly, the Board proposes to amend the Articles to reflect such new position.

LETTER FORM THE BOARD

The proposed amendments to the Articles are as follows:

- (1) the phrases “Company Address: Raycom InfoTech Park, No. 2 Ke Xue Yuan South Road, Haidian District, Beijing, the PRC” and “Postal code: 100080” in Article 3 shall be deleted and replaced by the following:

“Company Address: 7 Yu Min Da Street, Houshayu Town, Shunyi District, Beijing, the PRC
Postal code: 101308”; and

- (2) the second paragraph in Article 110 shall be deleted in its entirety and replaced by the following:

“The Company shall have several deputy managers, a financial controller and a general legal counsel to help the manager. The deputy managers, the financial controller and the general legal counsel will be nominated by the manager and appointed and removed by the Board.”

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 the approval of the Shareholders at the EGM.

EGM

The EGM will be held at the Conference Room, 2nd Floor, Prime Hotel, 2 Wangfujing Ave., Beijing, the PRC at 11:00 a.m. on 18 May 2010 to consider and, if thought fit, approve the transactions contemplated under the Airline Services Agreement (including the Annual Cap), the Novation and the proposed amendments to the Articles. Notice of the EGM is set out on pages 29 to 32 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 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 Floor 18-20, South Wing, Park C, Raycom InfoTech Park, No. 2 Ke Xue Yuan South Road, Haidian District, Beijing, 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.

LETTER FROM THE BOARD

VOTING ARRANGEMENTS

Voting at the EGM will be conducted by poll. Pursuant to the Listing Rules, shareholders with a material interest in the Transactions and the Novation, and their respective associates shall abstain from voting on the relevant resolutions. The table below sets out the shareholders of the Company who will abstain from voting on the resolutions to consider and approve the transactions contemplated under the Airline Services Agreement (including the Annual Cap) and the Novation.

Shanghai Airlines	-	holding 11,453,000 shares in the Company representing about 0.59% of the total issued share capital of the Company as at the Latest Practicable Date
Eastern Airlines	-	holding 5,317,000 shares in the Company representing about 0.27% of the total issued share capital of the Company as at the Latest Practicable Date
Eastern Holding	-	holding 218,829,000 shares in the Company representing about 11.22% of the total issued share capital of the Company as at the Latest Practicable Date
Eastern Wuhan	-	holding 2,600,000 shares in the Company representing about 0.13% of the total issued share capital of the Company as at the Latest Practicable Date

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 15 of this circular in connection with the transactions contemplated under the Airline Services Agreement (including the Annual Cap) and the Novation. 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 transactions contemplated under the Airline Services Agreement (including the Annual Cap) and the Novation and the principal factors and reasons considered by it in arriving at such advice set out on pages 16 to 25 of this circular.

The Independent Board Committee, having taken into account the advice of China Merchants, considers that (i) the transactions contemplated under the Airline Services Agreement are in the ordinary and usual course of business of the Group, (ii) the terms of the transactions contemplated under the Airline Services Agreement and the Novation are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and (iii) the Annual Cap for the Airline Services Agreement is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of

LETTER FORM THE BOARD

the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions approving the transactions contemplated under the Airline Services Agreement (including the Annual Cap) and the Novation at the EGM.

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

LETTER FROM INDEPENDENT BOARD COMMITTEE



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)

1 April 2010

To the Independent Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular issued by the Company to its shareholders dated 1 April 2010 (the “**Circular**”) 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 Airline Services Agreement (including the Annual Cap) and the Novation. China Merchants has been appointed as independent financial adviser to advise us and the Independent Shareholders on the transactions contemplated under the Airline Services Agreement (including the Annual Cap) and the Novation.

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 contemplated under the Airline Services Agreement are in the ordinary and usual course of business of the Group, (ii) the terms of the transactions contemplated under the Airline Services Agreement and the Novation are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and (iii) the Annual Cap for the Airline Services Agreement is fair and reasonable so far as the Independent Shareholders are concerned and is 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 resolutions approving the transactions contemplated under the Airline Services Agreement (including the Annual Cap) and the Novation 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

1 April 2010

TravelSky Technology Limited
Floor 18-20, South Wing, Park C
Raymon InfoTech Park
No. 2 Ke Xue Yuan South Road
Haidian District, Beijing 100190
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 Airline Services Agreement (including the Annual Cap) and the Novation, details of which are contained in the letter from the Board (the “**Letter from the Board**”) of the circular dated 1 April 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 one of the Percentage Ratios calculated with reference to the Annual Cap for the transactions contemplated under the Airline Services Agreement exceeds 2.5%, the transactions contemplated under the Airline Services Agreement constitute continuing connected transactions subject to the reporting, announcement and Independent Shareholders’ approval requirements. Since the acknowledgement by the Company and Shanghai Airlines of the extension of the term under the Airline Services Agreement to up to 31 December 2010 took place in March 2010 which was after Shanghai Airlines became an associate of Eastern Airlines, the Company is required to comply in full with all the reporting, announcement and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Airline Services Agreement. Thus, the transactions contemplated under the Airline Services Agreement (including the Annual Cap) are subject to the approval by the Independent Shareholders at the EGM.

LETTER FROM CHINA MERCHANTS

According to the announcement of Eastern Airlines dated 26 February 2010, the implementation of the absorption of Shanghai Airlines would involve the cancellation of Shanghai Airlines upon the establishment of New Shanghai Airlines for the purpose of receiving all of the assets and liabilities of the core aviation business of Shanghai Airlines. If Shanghai Airlines were to be dissolved during the year ending 31 December 2010, the Group may be requested to give consent to, or enter into agreement(s) for, the Novation. If the Group gives consent to, or enter into agreement(s) for, the Novation, such will constitute a connected transaction for the Company. As at the Latest Practicable Date, the Group has not yet given any consent to, or entered into any agreement(s) for, the Novation. However, the Company will also seek the Independent Shareholders' approval at the EGM for the giving of consent to, or the entry into of any agreement(s) for, the Novation.

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 transactions contemplated under the Airline Services Agreement are in the ordinary and usual course of business of the Group; (ii) the terms of the transactions contemplated under the Airline Services Agreement and the Novation 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 Cap for the Airline Services Agreement is 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 transactions contemplated under the Airline Services Agreement (including the Annual Cap) and the Novation 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 transactions contemplated under the Airline Services Agreement (including the Annual Cap) and the Novation as set out below:

- (i) the Agreements;

LETTER FROM CHINA MERCHANTS

- (ii) the annual report of the Company for the year ended 31 December 2007 (the “**2007 Annual Report**”);
- (iii) the annual report of the Company for the year ended 31 December 2008 (the “**2008 Annual Report**”);
- (iv) the letter dated 9 March 2010 from Shanghai Airlines to the Company (the “**First Letter**”);
- (v) the letter dated 10 March 2010 from Shanghai Airlines to the Company (the “**Second Letter**”);
- (vi) the official website of the Company; and
- (vii) the Waiver Announcement.

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

- (i) China Statistical Yearbook 2008 (《中國統計年鑑 – 2008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
- (iii) the report headed “Production statistics report for airports in the PRC 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 Agreements, 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.

LETTER FROM CHINA MERCHANTS

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation regarding the transactions contemplated under the Airline Services Agreement (including the Annual Cap) and the Novation, 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 referred to in the 2008 Annual Report, being a leading provider of information technology solutions for the China's aviation and travel industry, the Group is at a core position along the value chain of China's aviation and travel service distribution. While the Group provides advanced aviation information technology and extended services to the Chinese commercial airlines, it also distributes commercial airline products and services to travel agents, travel service distributors, ticketing offices, corporate clients and individual consumers.

The Group's turnover for each of the three years ended 31 December 2008 is set out below:

	Year ended 31 December		
	2006	2007	2008
	(RMB' 000)	(RMB' 000)	(RMB' 000)
	(Audited)	(Audited)	(Audited)
The Group's turnover	1,711,705	2,001,903	2,005,168

Source: the 2007 Annual Report and the 2008 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:

Bookings of seats of commercial airlines in the PRC

	Year ended 31 December		
	2007	2008	2009
Bookings	195,949,106	202,787,304	240,391,741

Source: the official website of the Company

From the year ended 31 December 2006 to the year ended 31 December 2008, the Group's audited turnover achieved a compound average growth rate ("CAGR") of approximately 8.2%. From the year ended 31 December 2007 to the year ended 31 December 2009, 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 Shanghai Airlines

Shanghai Airlines is principally engaged in airline operation in the PRC. Shanghai Airlines became a wholly-owned subsidiary of Eastern Airlines from 28 January 2010. Accordingly, Shanghai Airlines became an associate of Eastern Holding, which is a Promoter and a substantial Shareholder, and thus a connected person of the Company despite the grant of the First Waiver.

LETTER FROM CHINA MERCHANTS

3. Economy and aviation industry in the PRC

Based on (i) the report headed “Production statistics report for airports in the PRC 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 387.6 million for the year ended 31 December 2007 to approximately 486.1 million for the year ended 31 December 2009, representing a CAGR of approximately 12.0%.

Based on China Statistical Yearbook 2008 (《中國統計年鑑－2008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 2007, the PRC’s gross domestic product increased from approximately RMB9,921 billion to approximately RMB24,953 billion, representing a CAGR of approximately 14.1%.

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 8.2% from the year ended 31 December 2006 to the year ended 31 December 2008, the Directors expect that the Group’s turnover will continue to achieve a growth in the coming years.

II. THE AIRLINE SERVICES AGREEMENT

1. Reasons for and benefits of the Airline Services Agreement

As referred to in the Letter from the Board, pursuant to the grant of the First Waiver (as defined in the Waiver Announcement), Shanghai Airlines, which is a Promoter, was exempt to be regarded as a connected person of the Company. According to the announcement of Eastern Airlines dated 28 January 2010 in relation to the absorption of Shanghai Airlines, exchange of A shares of Eastern Airlines was completed on 28 January 2010. The Company was advised by Shanghai Airlines that Shanghai Airlines became a wholly-owned subsidiary of Eastern Airlines effective from 28 January 2010. Accordingly, Shanghai Airlines became an associate of Eastern Holding, which is a Promoter and a substantial shareholder of the Company, and thus a connected person of the Company despite the grant of the First Waiver. The existing ongoing transactions between the Group and Shanghai Airlines have therefore become continuing connected transactions for the Company since 28 January 2010. The Transactions include but not limit to the provision of technology services by the Company to Shanghai Airlines under the Airline Services Agreement.

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

LETTER FROM CHINA MERCHANTS

2. The terms of the Airline Services Agreement

As referred to in the Letter from the Board, the Airline Services Agreement has an initial term of five years up to 31 October 2009 which was extended to up to 31 December 2009 and further extended to up to 31 December 2010.

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.

The service fees for the technology services are determined through negotiation between both parties 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.

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.

Overall, we consider that the terms of the Airline 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 CAP

1. The Annual Cap for the Airline Services Agreement

The Annual Cap for the Airline Services Agreement for the year ending 31 December 2010 is set at RMB150 million.

2. The historical transaction amounts of the Airline Services Agreement

Set out below is a summary of the historical transaction amounts of the Airline Services Agreement for the three years ended 31 December 2009:

	Year ended 31 December		
	2007	2008	2009
	(RMB)	(RMB)	(RMB)
Transactions under the Airline Services Agreement	99,295,000	107,714,000	107,242,000

Source: Letter from the Board

3. The comparison of historical transaction amounts of the Airline Services Agreement and the Annual Cap for the year ending 31 December 2010

In respect of transactions contemplated under the Airline Services Agreement, the Annual Cap for the year ending 31 December 2010 is RMB150 million, which is (i) higher than the historical transaction amount for the year ended 31 December 2009 of approximately RMB107,242,000 by approximately 39.9%; and (ii) higher than the historical transaction amount for the year ended 31 December 2008 of approximately RMB107,714,000 by approximately 39.3%, representing a CAGR of approximately 18.0%.

4. The basis for the Annual Caps

As referred to in the Letter from the Board, the Annual Cap in respect of the Airline Services Agreement is determined with reference to (i) the historical transaction amounts of the transactions under the Airline Services Agreement for each of the three years ended 31 December 2009; and (ii) the estimated annual growth rate of 20% (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.

We consider that the Adopted Growth Rate is acceptable, taking into account (i) the Group’s business growth during the three years ended 31 December 2008; and (ii) the Annual Cap will 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 year ending 31 December 2010.

LETTER FROM CHINA MERCHANTS

5. Overall opinion on the Annual Cap

We consider that the Annual Cap is 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 2010 is higher than the historical transaction amount for the year ended 31 December 2008 of approximately RMB107,714,000 by approximately 39.3%, representing a CAGR of approximately 18.0%, which in turn is in line with the Adopted Growth Rate; and
- (iv) the Annual Cap would facilitate the Group's business growth for the year ending 31 December 2010.

Based on the aforesaid, we consider that the Annual Cap is fair and reasonable so far as the Independent Shareholders are concerned, and is in the interests of the Company and the Shareholders as a whole.

IV. THE NOVATION

We understand that the Novation refers to the transfer of rights and obligations under the Agreements from Shanghai Airlines to New Shanghai Airlines, which is a result of the absorption of Shanghai Airlines by Eastern Airlines, which was completed on 28 January 2010, and Shanghai Airlines became a wholly-owned subsidiary of Eastern Airlines effective since then. In assessing the fairness and reasonableness of the Novation, we have reviewed the First Letter and the Second Letter and noted that in the event that Shanghai Airlines were to be dissolved before 31 December 2010, Shanghai Airlines would request the Company's consent and cooperation in respect of the transfer of the Agreements to New Shanghai Airlines upon its establishment such that the Agreements would continue to be in force.

Based on the above, we are of the view that the Novation would facilitate the Agreements to continue to be in force after the dissolution of Shanghai Airlines and the establishment of New Shanghai Airlines. Thus, we consider that the terms of the Novation 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 consider that it is beneficial for the Group to give consent to, or enter into agreement(s) for, the Novation.

LETTER FROM CHINA MERCHANTS

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that (i) the transactions contemplated under the Airline Services Agreement are in the ordinary and usual course of business of the Group; (ii) the terms of the transactions contemplated under the Airline Services Agreement and the Novation 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 Cap for the Airline Services Agreement is fair and reasonable so far as the Independent Shareholders are concerned and is 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 transactions contemplated under the Airline Services Agreement (including the Annual Cap) and the Novation at the EGM. We also advise the Independent Shareholders to vote in favour of the proposed resolutions to approve the transactions contemplated under the Airline Services Agreement (including the Annual Cap) and the Novation 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
*Executive Director and Co-Head of
Investment Banking Department*

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein 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), Eastern Holding and China National Aviation Holding Company (中國航空集團公司) 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;
- (c) Mr Luo Chaogeng (a non-executive Director) is an employee of Eastern Holding; and
- (d) Mr Sun Yude (a non-executive Director) is an employee of China National Aviation 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 2008, 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 2008, 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 2008, 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

Copies of the following documents will be available for inspection at the offices of JSM, 16th-19th Floors, Prince's Building, 10 Chater Road, Central, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM:

- (a) the Airline Services Agreement;
- (b) the Revenue Accounting and Settlement Agreement; and
- (c) the Interline Data Exchange Agreement.

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 the Conference Room, 2nd Floor, Prime Hotel, 2 Wangfujing Ave., Beijing, the People’s Republic of China (the “**PRC**”), at 11:00 a.m. on Tuesday, 18 May 2010 to consider and, if thought fit, approve the following resolutions:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the form and substance of the Airline Services Agreement (as defined in the circular of the Company dated 1 April 2010 (the “**Circular**”)) (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 Shanghai Airlines Company Limited (上海航空股份有限公司) up to 31 December 2010 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 Cap (as defined in the Circular) for the transactions contemplated under the Airline Services Agreement for the year ending 31 December 2010 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 Airline Services Agreement and the transactions contemplated thereunder.

2. “**THAT:**

- (a) the giving of consent to, or the entry into of any agreement(s) for, by the Company and/or Accounting Centre of China Aviation Limited Company (中國航空結算有限責任公司), the transfer of rights and obligations under the Airline Services Agreement, the Revenue Accounting and Settlement Agreement (as defined in the Circular) (a copy of which has been produced to the meeting marked “B” and signed by the

NOTICE OF EGM

chairman of the meeting for the purpose of identification) and/or the Interline Data Exchange Agreement (as defined in the Circular) (a copy of which has been produced to the meeting marked “C” and signed by the chairman of the meeting for the purpose of identification) from Shanghai Airlines Company Limited to New Shanghai Airlines (as defined in the Circular) be and are hereby approved; and

- (b) the Directors be and are hereby authorised to take any step as they consider necessary, desirable or expedient in connection therewith.

SPECIAL RESOLUTION

3. “THAT:

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

- (i) the phrases “Company Address: Raycom InfoTech Park, No. 2 Ke Xue Yuan South Road, Haidian District, Beijing, the PRC” and “Postal code: 100080” in Article 3 shall be deleted and replaced by the following:

“Company Address: 7 Yu Min Da Street, Houshayu Town, Shunyi District, Beijing, the PRC
Postal code: 101308”; and

- (ii) the second paragraph in Article 110 shall be deleted in its entirety and replaced by the following:

“The Company shall have several deputy managers, a financial controller and a general legal counsel to help the manager. The deputy managers, the financial controller and the general counsel will be nominated by the manager and appointed and removed by the Board.”

- (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
1 April 2010

NOTICE OF EGM

Registered office:

Floor 18-20, South Wing, Park C
Raycom InfoTech Park
No. 2 Ke Xue Yuan South Road
Haidian District, Beijing 100190
the PRC

Notes:

1. The register of holders of H shares of the Company (“**H Shares**”) will be closed from 18 April 2010 to 18 May 2010 (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 16 April 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 16 April 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 27 April 2010 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.

NOTICE OF EGM

7. As at the date hereof, the board of the directors of the Company comprises:

Executive directors: Mr Xu Qiang (*Chairman*), Mr Cui Zhixiong and Mr Xiao Yinhong;

Non-executive directors: Mr Wang Quanhua, Mr Luo Chaogeng and Mr Sun Yude;

Independent non-executive directors: Mr Cheung Yuk Ming, Mr Zhou Deqiang and Mr Pan Chongyi.