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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2007

RESULTS HIGHLIGHTS

- Total revenues amounted to approximately RMB2,001.9 million, an increase of approximately 17.0% over Year 2006
- Profit attributable to equity holders of the Company was approximately RMB631.0 million, an increase of approximately 22.4% over Year 2006
- EBITDA was approximately RMB892.2 million, an increase of approximately 13.0% over Year 2006
- Earnings per share was RMB0.36
- The Board recommended a final cash dividend of RMB0.13 per share for Year 2007

The board of directors (the "Board") of TravelSky Technology Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") which have been prepared in accordance with the International Financial Reporting Standards ("IFRS") for the year ended December 31, 2007 ("Year 2007").

CONSOLIDATED INCOME STATEMENT

(Amounts expressed in thousands of Renminbi ("RMB"), except per share data)

		For the year ended December 31,	
	Note	**2007**	2006
Revenues			
Aviation information technology service		**1,601,160**	1,395,172
Data network and others		**400,743**	316,533
Total revenues	2	**2,001,903**	1,711,705
Operating expenses			
Business taxes and other surcharges		**(65,795)**	(56,358)
Depreciation and amortisation		**(243,111)**	(229,178)
Network usage		**(83,562)**	(76,529)
Personnel		**(271,689)**	(239,743)
Operating lease rentals		**(68,607)**	(63,658)
Technical support and maintenance fees		**(154,459)**	(99,801)
Commission and promotion expenses		**(248,075)**	(194,095)
Other operating expenses		**(209,701)**	(188,534)
Total operating expenses		**(1,344,999)**	(1,147,896)
Operating profit		**656,904**	563,809
Financial income, net		**48,696**	52,406
Share of results of associated companies		**12,991**	11,727
Profit before taxation		**718,591**	627,942
Taxation	3	**(69,941)**	(98,421)
Profit after taxation		**648,650**	529,521
Attributable to			
Equity holders of the Company		**630,989**	515,587
Minority interest		**17,661**	13,934
		648,650	529,521

	Note		
Earnings per share for profit attributable to the equity holders of the Company			
Basic and diluted *(RMB)*	4	**0.36**	0.29
Cash dividends	5	**230,921**	195,395

CONSOLIDATED BALANCE SHEET

(Amounts expressed in thousands of Renminbi)

	Note	**As at December 31 , 2007**	2006
ASSETS			
Non-current assets			
Property, plant and equipment, net		**1,033,148**	661,149
Intangible assets, net		**11,824**	9,969
Investments in associated companies		**85,996**	68,343
Held-to-maturity financial assets		**—**	100,000
Other long-term assets		**8,881**	17,000
Deferred income tax assets		**9,229**	—
		1,149,078	856,461
Current assets			
Inventories		**9,241**	4,498
Accounts receivable, net	6	**141,565**	84,882
Due from associated companies		**6,308**	273
Due from related parties, net		**389,561**	300,070
Prepayments and other current assets		**102,399**	62,064
Held-to-maturity financial assets		**100,000**	—
Short-term bank deposits		**1,843,949**	1,884,604
Cash and cash equivalents		**1,209,152**	1,233,166
		3,802,175	3,569,557
Total assets		**4,951,253**	4,426,018

	Note		
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Paid-In capital		**1,776,315**	888,158
Reserves		**1,296,834**	2,066,112
Retained earnings			
— Proposed final cash dividend	5	**230,921**	195,395
— Others		**1,028,659**	749,137
		4,332,729	3,898,802
Minority interest		**85,997**	72,523
Total equity		**4,418,726**	3,971,325
LIABILITIES			
Non current liabilities			
Deferred income tax liabilities		**129**	—
Current liabilities			
Accounts payable and accrued liabilities	7	**470,212**	359,200
Due to related parties		**39,960**	85,442
Income tax payable		**17,054**	7,605
Deferred revenue		**5,172**	2,446
		532,398	454,693
Total liabilities		**532,527**	454,693
Total equity and liabilities		**4,951,253**	4,426,018
Net current assets		**3,269,777**	3,114,864
Total assets less current liabilities		**4,418,855**	3,971,325

Notes:

1. Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after January 1, 2007:

- IFRS 7, "Financial instruments: Disclosures", and the complementary amendment to IAS 1, "Presentation of financial statements – Capital disclosures", introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to taxation and trade and other payables; and

- IFRIC - Int 10, "Interim financial reporting and impairment", prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group's financial statements.

2. Revenues

Revenues primarily comprise the service fees earned by the Group for the provision of the Group's aviation information technology services and related data network services. A substantial portion of these revenues was generated from the shareholders of the Company.

3. Taxation

The Company was registered as a new technology enterprise in October 2000 in Zhongguancun Haidian Science Park and has been approved by the Haidian State Tax Bureau. From 2006 afterwards the Company is subject to an enterprise income tax ("EIT") preferential rate of 15%.

The Company's subsidiaries are entitled to different preferential tax rates, ranging from 15% to 33%. These subsidiaries are located in special economic zones for which the applicable tax rate is 15%, or designated as "New Technology Enterprise" for which the applicable tax rate is 15%. In addition, these subsidiaries are entitled to certain reductions in tax rates in their initial years of operations.

The above mentioned EIT preferential rates or status currently enjoyed by the Company and its subsidiaries will be subject to re-assessment in 2008 by the respective local tax bureau in view of the Corporate Income Tax Law of the People's Republic of China ("new CIT Law") that has became effective on January 1, 2008 as approved by the National People's Congress on March 16, 2007. Under the new CIT Law, the statutory corporate income tax rate applicable to the Company starting from January 1, 2008 will be 25%, replacing the currently applicable tax rate of 33%.

The relevant authorities issued a notice dated January 9, 2007 recognising the Company as an "Important Software Enterprise" in 2006 under the National Planning Layout. According to the relevant regulations, the Company is entitled to a preferential tax rate of 10% in the year of recognition. The Company had already paid EIT at a rate of 15% for the financial year ended December 31, 2006. The difference between the EIT paid by the Company over the preferential tax rate of 10% amounting to approximately RMB30,180,000 had been refunded to the Company in June 2007. The tax refund was offset against income tax expense in the consolidated financial statements for the year ended December 31, 2007.

The relevant authorities issued a notice dated February 26, 2008 recognising the Company as an "Important Software Enterprise" in 2007 under the National Planning Layout. According to the relevant regulations, the Company is entitled to a preferential tax rate of 10% in the year of recognition. The Company had already paid EIT at a rate of 15% for the financial year ended December 31, 2007. According to the related regulation, the EIT paid by the Company for the financial year ended December 31, 2007 over the preferential tax rate of 10% will be refunded to the Company in the subsequent year. Its impact will be accounted for in 2008 financial statements accordingly.

Income tax expenses comprised:

	2007	2006
	RMB'000	*RMB'000*
Current tax	79,041	98,421
Deferred tax	(9,100)	—
	69,941	98,421

4. Earnings per share

Due to the Bonus Issue as described in Note 5, the number of ordinary shares for the year ended December 31, 2006 for the purpose of calculating earnings per share has been adjusted retrospectively for the increase of ordinary shares.

Earnings per share for the year ended December 31, 2007 and December 31, 2006 have been computed by dividing the profit attributable to the equity holders of the Company, of RMB630,989,000 and RMB515,587,000, by 1,776,315,000 ordinary shares issued and outstanding.

There were no potential dilutive ordinary shares outstanding during the years ended December 31, 2007 and 2006.

5. Dividends and other distribution

At the annual general meeting and class meetings of the Company held on June 5, 2007, a resolution was passed for the bonus issue of 888,157,500 new ordinary shares at par value of RMB1 per share to the equity holders of the Company on basis of one bonus share for one existing share ("Bonus Issue"), by conversion of reserve amounting to RMB888,157,500 into paid in capital. As a result, the number of ordinary shares increased from 888,157,500 to 1,776,315,000. The new shares rank pari passu in all respect with the existing shares.

The shareholders in the annual general meeting on June 5, 2007 approved the final dividend in respect of 2006 of RMB0.22 per share (RMB0.11 per adjusted ordinary share after the Bonus Issue as mentioned above) amounting to a total of RMB195,394,650. The amount was accounted for in shareholders' equity as an appropriation of retained earnings.

The Board of Directors proposed a cash dividend of RMB0.13 per share for the year ended December 31, 2007, amounting to RMB230,920,950. The proposed cash dividend distribution is subject to shareholders' approval in their next general meeting and will be recorded in the Group's financial statements for the year ending December 31, 2008.

6. Accounts receivable, net

As December 31, 2007 and 2006, the ageing analysis of the accounts receivable was as follows:

	2007	2006
	RMB'000	*RMB'000*
Within 6 months	**126,837**	73,294
Over 6 months but within 1 year	**6,390**	4,859
Over 1 year but within 2 years	**4,578**	2,083
Over 2 years but within 3 years	**1,247**	6,598
Over 3 years	**7,338**	1,126
Accounts receivable	**146,390**	87,960
Provision for impairment of receivables	**(4,825)**	(3,078)
Accounts receivable, net	**141,565**	84,882

The payment period is normally within six months after the services are rendered.

7. Accounts payable and accrued liabilities

The ageing analysis of accounts payable was as follows:

	2007	2006
	RMB'000	*RMB'000*
Within 6 months	**133,228**	25,238
Over 6 months but within 1 year	**13,078**	8,773
Over 1 year but within 2 years	**7,884**	55,809
Over 2 years but within 3 years	**17,481**	754
Over 3 years	**8,584**	19,568
Total accounts payable	**180,255**	110,142
Accrued liabilities and other liabilities	**289,957**	249,058
Total	**470,212**	359,200

8. Segment reporting

The Group conducts its business within one business segment - the business of providing aviation information technology and related services in the PRC. The Group's chief decision maker for operation is considered to be the Group's general manager. The information reviewed by the general manager is identical to the information presented in the consolidated income statement. No segment income statement has been prepared by the Group for the year ended December 31, 2007 and 2006. The Group also operates within one geographical segment because its revenues are primarily generated in the PRC and its assets are located in the PRC. Accordingly, no geographical segment data is presented.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

As the leading provider of information technology solutions for the China's aviation and travel industry, the Company stands at a core tache along the value chain of China's aviation and travel service distribution. While the Company provides advanced aviation information technology and its extended services to the Chinese commercial airlines, it also distributes commercial airlines products and services to travel agents, travel service distributors, ticketing offices, corporate clients and individual consumers, and is taking a leading role in provision of information technology solutions. With more than two decades of continuous development, the Company has preliminarily built up relatively comprehensive product lines of information technology services with strong functionalities, to satisfy the needs of all the industry participants ranging from commercial airlines, airports, travel products and service suppliers to travel agents, travel service distributors, corporate clients, travelers and cargo shippers. Through the product lines, the Company helped these industry participants to broaden their core business, improve their service quality and enhance their operational efficiency.

Aviation Information Technology Service

The Company's aviation information technology ("AIT") services, which consist of series of products and solutions, are provided to Chinese commercial airlines and over 303 foreign and regional commercial airlines. The AIT services comprise electronic travel distribution ("ETD") service (including Inventory Control System ("ICS") service, Computer Reservation System ("CRS") service) and Airport Passenger Processing ("APP") service, as well as other extended information technology solutions related to the above core businesses, including but not limited to, product service to support aviation alliance, solutions for developing commercial airlines' e-ticket and ecommerce, data service to support decisions of commercial airlines as well as information management system to improve ground operational efficiency of commercial airlines and airports. Comparing with Year 2006, revenue generated from the AIT services in Year 2007 increased by approximately 14.8% to approximately RMB1,601.2 million, representing approximately 80.0% of the Group's total revenue.

As expected, China is on the way heading for the aviation market with fastest development and enormous development potential globally, amid the rapidly growing domestic economy, the accelerated mobility of productive elements, and the booming business trips and leisure travel. Thanks to the strong growth in aviation industry of the PRC, as the dominant supplier of information technology solutions in the PRC aviation and travel industry, the Company's ETD system surpassed 200 million bookings and processed approximately 204.4 million bookings on domestic and overseas commercial airlines in 2007, representing an increase of approximately 18.2% over Year 2006. Among which, bookings on Chinese commercial airlines increased by approximately 18.0%, while that on foreign and regional commercial airlines increased by approximately 22.0%.

Recently, the increasingly internationalized PRC aviation market has been spurred into intensifying competitions driven by the "Sky Opening" concept and under the deregulating and pro-competition industry policies. The Group has been focusing on product lines like seat management, distribution information technology solutions and fare solutions for commercial airlines and improving its AIT and extended services, to meet commercial airlines' needs of information technology solutions for strengthening network and hub construction, dedicating themselves to alliances and co-operation, improving electronic direct-sale ability, diversifying products and service and enhancing profitability. In 2007, the Company continued perfecting and promoting its systems of BSP (Billing and Settlement Plan) electronic ticketing, Airline Direct-sale electronic ticketing and Airline Online electronic ticketing. While meeting the needs in the Interline Electronic Ticketing (IET) between Chinese commercial airlines and major foreign and regional commercial airlines, the Company also provided technology support for such 36 foreign and regional commercial airlines as American Airlines and Deutsche Lufthansa AG to sell e-tickets. E-tickets sold by Chinese commercial airlines using the Company's electronic ticketing system amounted to approximately 152.1 million segments, representing 91.2% of flight bookings by the end of 2007. With the technology support by the Company in 2007, Air China Limited and Shanghai Airlines Company Limited and China Southern Airlines Company Limited respectively joined Star Alliance and SkyTeam smoothly, paving the way for capitalizing on alliance value and earning improvement. In 2007, the Company continued perfecting and promoting air fare solution. The domestic fares auto display, auto computation and electronic fare checking products developed by the Company have been widely used in Chinese commercial airlines, together with a progress in international fare display and calculation. With the joining of 25 additional foreign and regional commercial airlines including Lufthansa German Airlines, Air France and British Airways, the number of foreign and regional commercial airlines with direct links with the Company's CRS increased to 57 in 2007 with the direct-sale percentage over 93.1%, thus considerably increasing the Company's ability to resist market risks.

In 2007, the Company continued to provide value-added service for commercial airlines and airports and boost simplified business activity focusing on its APP system. The Company's self-developed Common Use Self Service (CUSS) system which meets the IATA standard was also installed in five airports including Guangzhou and Shenyang after the installation in airports like Kunming Airport. The self-developed online check-in products, transfer management system and airline ground operation management system were also successively used, effectively improving ground services of commercial airlines and airport. The Company installed and upgraded the new generation APP front system ("NewAPP") in top 50 airports in terms of throughput in China, thus further securing its leading position in the market. In 2007, the Company made continuous efforts in promoting the APP system and its operations in overseas or regional airports to assist Chinese commercial airlines in providing transfer and through check-in services, and passenger departures processed amounted to approximately 5.3 million. With the joining of KLM Royal Dutch Airlines and Singapore Airlines, the number of foreign and regional commercial airlines using the Company's APP system increased to 37, and passenger departures processed amounted to approximately 2.8 million.

While playing the advantages of powerful mainframe capacity, flexible research and development on open platforms and technologies, and quick response, the Group's new generation aviation passenger service system ("the system") aims to achieve smooth transition of system functions at low operation cost by focusing on passengers and adopting service-oriented architecture ("SOA"), so as to support the sustainable development of commercial airlines' businesses and in line with the development trend of aviation and travel industry. In 2007, the Group embarked on the planning and demonstration of the system with a progress in technological preparation, based on the strengthened research on the industry development and information technology trend to clarify the system's developing thoughts.

Distribution Information Technology Service

The Group's travel distribution network comprises approximately 52,400 sales terminals owned by more than 6,580 travel agencies or travel service distributors, with high-level networking and direct links to all Global Distribution System around the world and 57 foreign and regional commercial airlines through SITA networks, covering over 400 domestic and overseas cities. The Group rendered technology support and localised services to travel agencies and travel service distributors through more than 30 local distribution centers across China and overseas distribution centers in Hong Kong and others, the network processed over 140.7 million transactions during the year with transaction amounting to over RMB181.7 billion.

The Group continued to strengthen the product line of distribution information technology in 2007, aiming to delivering more diversified and up-to-date content to travel agencies and travel service distributors, so as to support their flexible distribution modes and convenient operation flows. Addressing travel service distributors' demands for interface products, a common front business system was developed which improved its compatibility with other business systems. In view of middle and large scale distributors' demands on back-office management software, comprehensive business platform products were designed and developed to support them in managing customer data, publishing sales policies and so on, thus improving their operational efficiency. After the strategic cooperation in 2005 with American Express, one of the largest global business travel management companies, in 2007, the Company also entered into agreement with another large business travel management company, Carlson Wagonlit, to provide comprehensive information technology solutions for its business development.

Travel Product Distribution Service

The continuous booming inbound and outbound travel as well as domestic travel market of China in recent years, further fuelled by the Beijing 2008 Olympic Games which is as an important drive to China's travel industry, have provided a favourable opportunity for the Group to expand its travel product distribution services including hotel reservation, "hotel + air ticket" packages, car rental and business trip insurance products. In 2007, the Group kept perfecting the hotel distribution system to actively cooperate with the travel product providers and travel service distributors. The Company successfully distributed 429,000 hotels' room-nights, representing a year-on-year increase of 1.9 times.

Information Technology Integration Service

In 2007, capturing opportunities arising from the demands for China's aviation information safety, the Group vigorously expanded its information technology integration service. While developing information management system APSIS (Aviation Passenger Security Information System) for terminal 3 of the Beijing Capital Airport, the Group also assisted governmental security departments of Chongqing and Shenzhen in completion of certain information technology integration projects.

Infrastructure

The Group's infrastructure serves its business continuity for development. Its objectives are to ensure safety, satisfy the needs of business development, adjust system structure and optimize resource allocation by making full use of available technologies, business and management instruments, so as to improve operating reliability and interference resisting ability with lowered operating expenses.

To meet the needs for system operation safety and emergency assurance availability from fast growing businesses and new business development in 2007, the Group continuously carried out technological renovations on infrastructure to profit from providing aviation passenger information security service for the coming Beijing Olympic Games. System performance, processing capacity and safeguarding capability were improved with efforts to expand mainframe and open platform resources, build up mainframe and open platform backup systems, perfect NewAPP backup system, strengthen each step of business data network, and improve machine room environment and power supply. In 2007, the availability ratios of the Company's ICS, CRS and APP mainframe systems were approximately 99.9%, 99.9% and 99.9% respectively.

FINANCIAL REVIEW

Management Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the financial information of the Group contained in the financial statements (together with the notes thereto) reproduced in this annual report. The financial statements have been prepared in accordance with International Financial Reporting Standards. The following discussions on the synopsis of historical results do not represent a prediction as to the future business operations of the Group.

For Year 2007, profit before taxation of the Group was approximately RMB718.6 million, representing an increase of approximately 14.4% over that in the year ended December 31, 2006 ("Year 2006"). Earnings before interests, tax, depreciation and amortization (EBITDA) reached approximately RMB892.2 million, representing an increase of approximately 13.0% over that in Year 2006. Profit attributable to equity holders of the Company was approximately RMB631.0 million, an increase of approximately 22.4% over the previous year was mainly due to the increase of operating profit and the refund of income tax.

The basic and diluted earnings per share of the Group in Year 2007 was RMB0.36.

Net Cash Flows and Liquidity

The Group's working capital for Year 2007 mainly came from operating activities. Net cash inflow from operating activities amounted to RMB720.6 million.

In Year 2007, the Group had no short-term and long-term bank loans, and the Group did not use any financial instruments for hedging purposes.

As at December 31, 2007, cash and cash equivalents of the Group amounted to RMB1,209.2 million, of which approximately 90.5%, 6.5% and 2.6% were denominated in Renminbi, U.S. dollars and Hong Kong dollars, respectively.

Held-to-maturity Financial Assets

As at December 31, 2007, the Group held RMB100 million treasury bonds of China with an interest rate of 3% per annum. The maturity date of the treasury bonds is on December 18, 2008.

Charge on Assets

As at December 31, 2007, the Group had no charge on its assets.

Capital Expenditure

The capital expenditure of the Group amounted to approximately RMB623.8 million in Year 2007, representing an increase of approximately RMB464.5 million as compared to that of approximately RMB159.3 million in Year 2006. The capital expenditure of the Group in Year 2007 consisted principally of purchase of hardware, software and infrastructure in accordance with the Group's business strategies.

The Board estimates that the Group's planned capital expenditure for year 2008 will amount to approximately RMB1,372.0 million, which is mainly for construction of new operating centre in Beijing (北京新營運中心) and development and gradual implementation of the new generation aviation passager traveler service system and other new businesses. The sources of funding for the capital expenditure commitments will include internal cash flow generated from operations. The Board estimates that the sources of funding of the Group in year 2008 will be sufficient for its capital expenditure commitments, daily operations and other purposes.

Exchange Risks

The Group's foreign exchange risk arises from commercial transactions and recognised assets and liabilities. Fluctuation of the exchange rates of Renminbi against foreign currencies could affect the Group's results of operations.

Gearing Ratio

As at December 31, 2007, the gearing ratio of the Group was approximately 10.8% (2006: 10.3%), which was computed by dividing the total amount of liabilities by the total assets of the Group as at December 31, 2007.

Contingent Liabilities

As at December 31, 2007, the Group had no material contingent liabilities.

Employees

As at December 31, 2007, the total number of employees of the Group was 2,629. Staff costs amounted to approximately RMB271.7 million for Year 2007, representing approximately 20.2% of the total operating cost of the Group for Year 2007.

The remuneration of the employees of the Group (including Executive Directors and Staff Representative Supervisors) includes salaries, bonuses and other fringe benefits. The Group has different rates of remuneration for different employees (including Executive Directors and Staff Representative Supervisors), according to their performance, experience, position and other factors in compliance with the relevant PRC laws and regulations. Currently, none of the Non-executive Directors receive any remuneration. Nevertheless, any reasonable expenses incurred by the Non-executive Directors during their service period will be borne by the Company. Independent Non-executive Directors do receive remuneration from the Company, which is determined by reference to the prevailing market price, and that any reasonable expenses incurred by Independent Non-executive Directors during their service period will be borne by the Company.

In Year 2007, the Group continued to provide its employees with opportunities to acquire skills in relation to the aviation and travel industry, computer technologies and business administration and provide training on the latest development in areas such as computer technologies, personal development, laws, regulations and economics.

Basic Medical Insurance Regulation

On February 20, 2001, the People's Government of the Municipality of Beijing in the PRC promulgated the "Basic Medical Insurance Regulation for the Municipality of Beijing" (the "Regulation"). Given the fact that relevant regulations concerning employees' medical insurance must be applied according to the policies applicable to the place in which a company is located, the head office of the Company in Beijing implemented the Regulation from September 1, 2002 onwards. For Year 2007, the Company incurred a total amount of RMB8,972,092 (a total amount of RMB7,162,909 was incurred in Year 2006) pursuant to the Regulation. The Board believes that by implementing the Regulation, the financial position of the Company has not been materially affected.

Appropriations and Distribution of Profit

In accordance with the Company Law of PRC, which was revised on October 27, 2005 and became effective on January 1, 2006, and the Articles of Association of the Company ("Articles"), the Company would not make any appropriations to the statutory public welfare fund commencing from 2006. According to the Circular on corporate accounting treatment following the implementation of Company Law issued by the Ministry of Finance on March 15, 2006, the balance of the statutory public welfare fund as at December 31, 2005 was transferred into the statutory surplus reserve fund.

In Year 2007, according to the Company Law of PRC, related regulations, and the Articles, the distributable net profit after taxation and minority interest is distributed in order as follows:

(i) making up cumulative prior years' losses, if any;

(ii) appropriation to the statutory surplus reserve fund;

(iii) appropriation to the discretionary surplus reserve fund;

(iv) appropriation to the distribution of dividends for ordinary shares.

For the year ended December 31, 2007, the Board proposed appropriations from the retain earnings to the statutory surplus reserve fund and discretionary surplus reserve fund, and adjustments to such distributions of retain earnings for the impact of the new Accounting Standards for Business Enterprises that was effective on January 1, 2007.

The appropriation to the discretionary surplus reserve fund for the year ended December 31, 2006 was approved in the annual general meeting held on June 5, 2007. The amount was accounted for in shareholder's equity as a distribution of retained earnings in the year ended December 31, 2007.

The proposed appropriation of RMB118,357,000 to the discretionary surplus reserve fund for the year ended December 31, 2007 is subject to shareholders' approval at the next general meeting. Therefore, the amount will be recorded in the Group's financial statements for year ending December 31, 2008.

DIVIDEND

On March 28, 2008, the Board recommended a final cash dividend of RMB0.13 per share for Year 2007, amounting to RMB230,920,950.

After the distribution of the above dividend declared, the retained earnings available for distribution as at December 31, 2007 would be approximately RMB728.6 million (2006: RMB592.5 million).

PROSPECT FOR YEAR 2008

Looking forward, though risk factors such as global economic slowdown projected to be triggered by the US subprime crisis and domestic inflation resulting from factors such as the rise of foodstuff price will inevitably cause unfavorable impacts on investment, consumption, imports and exports, it is expected that China's economy will continue to grow rapidly. Driven by the robust development of China's economy and the stimulation on business trip and leisure travel by the forthcoming Beijing Olympic Games, the Company believes China's aviation industry will continue to boom at a speedy pace.

At present, amidst the progress of information and industrialization integration, information technology is becoming the driving force of optimization and upgrade of industrial structure, realization of economic growth mode transformation as well as the development of the new-type industrialization with Chinese characteristics. As the aviation and travel industry is one of the key component of the national economy, under the impetus of gradual deregulations, pro-competition industry policies and extensive application of open platform technologies and the internet, participants of the industry are more reliant on information technology to strive for more effective allocation of core resources, promote the transition in the mode of operational management and marketing, and strengthen compound competitiveness, so as to cater for the development trend of forming networks and alliances in the industry, and to cope with the increasingly fierce international and domestic competitions for sustainable development, thereby pushing ahead the rationalization and upgrades of structure of the industry.

Originated from the vigorous information technology field and serving in the prosperous aviation and travel industry, the Group is devoting itself to be a leading information technology and business service provider with core competitiveness and a top-notch internationally competitive company in the principle of consolidating its dominant position in China and Asian markets. Heading towards this development goal, based on the core aviation passenger businesses, the Group will build its new operation centre, develop new generation aviation passenger service system, broaden its aviation cargo logistics information services as well as the e-commerce business for terminal passengers, reinforce the establishment of regional market system, and enhance the services for overseas clients to gradually execute the strategy of strengthening and expanding enterprise by going to the outside world.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

For Year 2007, the Group did not purchase, sell or redeem any of the Company's securities.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the accounting policy and practice adopted by the Company and has also discussed certain other matters relating to audit, internal control and financial reporting, including the review of the audited consolidated financial statements of the Group for the Year 2007.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE PRACTICES

In compliance with Company Law of the People's Repuublic of China and the Articles, the Company has regulated its operations and provided information of the Company to all market participants and regulatory authorities on a timely, accurate, complete and true basis, aiming to enhance its transparency. The Board has adopted the code provisions as stipulated in "Code of Corporate Governance Practices" (the "Code") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as the Company's code of corporate governance practices from 2005.

As stated in Corporate Governance Report in 2006 Annual Report of the Company, the Company deviated from code provisions A.1.1 and C.2.1 of the Code in 2006. In 2007, the Company actively improved the situation and the Board held a total of five meetings. The Board also reviewed the Group's internal control system, which includes the functions of finance, operation and compliance control and risk management, and its effectiveness. The Board believes that the Group's internal control system was basically effective and sufficient.

In 2007, the Company has fully complied with the Code except the code provisions D.1.1 and D.1.2. The Company has set out the respective duties of the Board and the General Manager in the Articles. However, the Company has not formulated specific guidelines in respect of other duties of the management and authority delegated to the management, which deviates from code provisions D.1.1 and D.1.2 of the Code. The Board is of the opinion that the current management does not prejudice the interests of the Company. The Board is also considering to set out explicitly the duties of the management in the process of improving the Company's internal control system.

PUBLICATION OF ANNUAL RESULTS ON THE INTERNET WEBSITE

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited (website: http://www.hkex.com.hk) and the website of the Company (website: http://www.travelsky.net).

By order of the Board
TravelSky Technology Limited
Zhu Xiaoxing
Executive Director (General Manager)

Beijing, PRC, March 28, 2008

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

Independent non-executive Directors:	Mr Yick Wing Fat, Simon, Mr Yuan Yaohui and Mr Chua Keng Kim;
Non-executive Directors:	Mr Sun Yongtao (acting chairman), Mr Wang Quanhua, Mr Luo Chaogeng, Mr Gong Guokui, Mr Rong Gang, Mr Zhu Yong, Mr Liu Dejun, Mr Xia Yi and Mr Song Jian;
Executive Directors:	Mr Zhu Xiaoxing, Mr Ding Weiping and Mr Song Jinxiang.