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中國民航信息網絡股份有限公司
TravelSky Technology Limited

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 0696)

**ANNOUNCEMENT OF ANNUAL RESULTS FOR
THE FINANCIAL YEAR ENDED DECEMBER 31, 2009**

RESULTS HIGHLIGHTS

- Total revenue amounted to approximately RMB2,619.5 million, an increase of approximately 15.3% over Year 2008
- Profit attributable to equity holders of the Company was approximately RMB775.9 million, a increase of approximately 21.6% over Year 2008
- EBITDA was approximately RMB1,163.1 million, a increase of approximately 20.7% over Year 2008
- Earnings per share was RMB0.40
- The Board recommended the distribution of a final cash dividend of RMB0.134 per share for Year 2009

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, 2009 (“Year 2009”).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

		Year ended December 31	
	Note	2009	2008
Revenues			
Aviation information technology services		1,808,335	1,609,115
Accounting, settlement and clearing services		249,983	260,530
Data network and others		561,206	401,592
Total revenues	2	2,619,524	2,271,237
Operating expenses			
Business taxes and other surcharges		(92,170)	(82,016)
Depreciation and amortisation		(340,660)	(332,681)
Network usage fees		(81,114)	(94,410)
Personnel expenses		(487,304)	(429,880)
Operating lease payments		(73,172)	(78,630)
Technical support and maintenance fees		(153,528)	(170,676)
Commission and promotion expenses		(273,448)	(240,803)
Other operating expenses		(319,882)	(230,087)
Total operating expenses		(1,821,278)	(1,659,183)
Operating profit		798,246	612,054
Financial income, net		84,313	92,718
Share of results of associated companies		21,090	17,969
Profit before taxation		903,649	722,741
Taxation	3	(109,167)	(68,111)
Profit after taxation		794,482	654,630
Other comprehensive income			
Currency translation differences		342	(1,971)
Other comprehensive income, net of tax		342	(1,971)
Total comprehensive income		794,824	652,659

		Year ended December 31	
	Note	2009	2008
Profit after taxation attributable to			
Equity holders of the Company		775,900	637,974
Minority interest		18,582	16,656
		<u>794,482</u>	<u>654,630</u>
Total comprehensive income attributable to			
Equity holders of the Company		776,242	636,003
Minority interest		18,582	16,656
		<u>794,824</u>	<u>652,659</u>
Earnings per share for profit attributable to the equity holders of the Company			
Basic and diluted (RMB)	4	<u>0.40</u>	<u>0.33</u>
Cash Dividends	5	<u>261,408</u>	<u>362,850</u>

CONSOLIDATED BALANCE SHEET

(Amounts expressed in thousands of Renminbi)

		As at December 31,	
	<i>Note</i>	2009	2008
ASSETS			
Non-current assets			
Property, plant and equipment, net		891,985	1,004,445
Lease prepayment for land use right, net		109,236	19,314
Intangible assets, net		82,559	17,070
Investments in associated companies		123,835	103,665
Deferred income tax assets		10,006	6,810
Other long-term assets		2,786	8,962
		1,220,407	1,160,266
Current assets			
Inventories		8,095	9,877
Accounts receivable, net	7	185,550	164,400
Due from related parties, net		1,362,615	944,759
Due from associated companies		13,010	6,556
Income tax receivable		35,212	45,104
Prepayments and other current assets		343,717	313,368
Short-term bank deposits		2,302,954	2,324,728
Cash and cash equivalents		1,555,723	1,326,473
		5,806,876	5,135,265
Total assets		7,027,283	6,295,531
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Paid-In capital		1,950,806	1,776,315
Reserves		2,367,208	2,171,729
Retained earnings			
– Proposed final cash dividend	5	261,408	362,850
– Others		1,469,581	1,126,290
		6,049,003	5,437,184
Minority interests		109,664	98,810
Total equity		6,158,667	5,535,994

		As at December 31,	
	<i>Note</i>	2009	2008
LIABILITIES			
Non-Current liabilities			
Deferred income tax liabilities		<u>131</u>	<u>180</u>
Current liabilities			
Accounts payable and accrual liabilities	8	768,529	696,607
Due to related parties		92,550	47,428
Income tax payable		4,419	12,138
Deferred revenue		2,987	3,184
		<u>868,485</u>	<u>759,357</u>
Total liabilities		<u>868,616</u>	<u>759,537</u>
Total equity and liabilities		<u>7,027,283</u>	<u>6,295,531</u>
Net current assets		<u>4,938,391</u>	<u>4,375,908</u>
Total assets less current liabilities		<u>6,158,798</u>	<u>5,536,174</u>

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 Company adopted merger accounting for the common control business combination in its acquisition of Accounting Center of China Aviation Company Limited (“ACCA”). As a result, the comparative amounts in the consolidated financial statement have been restated as if ACCA had been acquired at the earliest period presented. Please refer to Note 6 for details.

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 Group has adopted the following new and amended IFRS as of January 1, 2009:

- IFRS 7 ‘Financial Instruments-Disclosures’ (amendment) ;
- IAS 1 (revised). ‘Presentation of financial statements’;
- IFRS 8, ‘Operating segments’ (effective January 1, 2009);
- IFRS 3 (revised), ‘Business combinations’;
- IAS 27 (revised), ‘Consolidated and separate 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, accounting, settlement and clearing services and related data network services. A major portion of these revenues was generated from the shareholders of the Company.

3. TAXATION

Income Tax

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Current tax:		
PRC enterprise income tax expenses	112,333	61,826
Overseas income tax expenses	80	869
Deferred tax	(3,246)	5,416
	<u>109,167</u>	<u>68,111</u>

Taxation of the Group except for certain overseas subsidiaries is provided based on the tax laws and regulations applicable to PRC enterprises. The Group provides for PRC enterprise income tax on the basis of its income for statutory financial reporting purposes, adjusted for income and expense items that are not assessable or deductible for tax purposes. Taxation on overseas profit has been calculated on the assessable profit for the year at the rates of taxation prevailing in the locations in which the Group operates.

Starting from January 1, 2008, the Corporate Income Tax Law of the People's Republic of China ("new CIT law") unified the income tax rate of enterprises in China to 25%.

Enterprises recognised as "High and New Technology Enterprises" are entitled to a favorable statutory tax rate of 15% under the new CIT Law. In December 2008, the Company was approved and certified by relevant authorities as a "High and New Technology Enterprise" under the new CIT Law, and was entitled to the preferential tax rate of 15% from 2008 to 2010.

The Company's subsidiaries in PRC are entitled to different tax rates, ranging from 15% to 25% under the new CIT Law.

In addition to the recognised "High and New Technology Enterprise" status, the Company being approved and certified by relevant authorities as an "Important Software Enterprise" could further enjoy a preferential income tax rate of 10%. According to the relevant regulations, the differences that resulted from the enterprise income tax paid at the rate of 15% over this preferential income tax rate of 10% should be recognised in the year when the Company obtained its "Important Software Enterprise" certification.

The Company obtained its "Important Software Enterprise" approval and certification from the relevant authorities for 2007 in 2008 and hence had recognised the corresponding tax refund of approximately RMB 30.1 million in 2008.

The Company obtained its "Important Software Enterprise" approval and certification from the relevant authorities for 2008 and 2009 in 2008 and 2009 respectively. Accordingly, the Company had accrued its income tax expenses for 2008 and 2009 based on this preferential income tax rate of 10% in its financial statements.

4. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following:

	2009	2008
Earnings (RMB'000)		
Earnings for the purpose of calculating the basic and dilutive earnings per share	775,900	637,974
Numbers of shares ('000)		
Weighted average number of ordinary shares in issue (Note)	1,944,641	1,913,814
Earnings per share (RMB)		
Basic and dilutive	<u>0.40</u>	<u>0.33</u>

Note: The numbers of shares in issue for year ended December 31, 2009 and 2008 have been adjusted for the 137,499,218 shares issued to CTHC on March 3, 2009 (Note 6) for the acquisition of ACCA as if these shares were issued for all years presented.

There were no potential dilutive ordinary shares outstanding during the year ended December 31, 2009 and 2008.

5. DIVIDENDS DISTRIBUTION

The equity holders in the annual general meeting of the Company held on June 5, 2009 approved the distribution of a final dividend of RMB 206.9 million and a special dividend of RMB 156 million in cash, aggregating to RMB 362.9 million (RMB0.186 per share) for Year 2008. The dividends are related to the undistributed profit generated before January 1, 2008. The amount was accounted for in shareholders' equity as an appropriation of retained earnings for the year ended December 31, 2009.

On April 22, 2010, the Board recommended the distribution of a final cash dividend of RMB261.4 million, for Year 2009 (RMB0.134 per share). The total numbers of shares in issue which entitle the receipt of those dividends are 1,950,806,393 shares. The proposed final 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, 2010.

6. BUSINESS COMBINATION

As set out in the circular of the Company dated June 16, 2008 and the announcements dated May 26, 2008 and July 31, 2008, the Company would acquire from China TravelSky Holding Company (“CTHC”) 100% equity interest in ACCA and the property located in Dongxing Li, Chaoyang District, Beijing, PRC (“Property”). ACCA is engaged in the provision of accounting, settlement and clearing services, and related information system development and support services to commercial airlines and other aviation companies. The acquisition was completed on March 3, 2009 and the consideration was satisfied by the issue and allotment of 174,491,393 new domestic shares of the Company to CTHC (137,499,218 shares for the acquisition of ACCA, and 36,992,175 shares for the acquisition of the Property).

As both the Company and ACCA are under common control of CTHC before and after the acquisition, the acquisition of ACCA is accounted for as a common control business combination. The Company adopts merger accounting for common control combination. Hence, the comparative amounts in the consolidated financial statement are presented as if ACCA had been acquired at the earliest period presented. Below is the impact of the acquisition to the financial statements.

	December 31, 2009				
	The Group before acquiring ACCA RMB'000	ACCA RMB'000	Adjustments RMB'000	(Note)	Consolidated RMB'000
Assets					
Non-current assets	1,407,099	141,491	(328,183)	(ii)	1,220,407
Current assets	4,844,643	968,128	(5,895)	(i)	5,806,876
Total assets	6,251,742	1,109,619	(334,078)		7,027,283
Equity					
Paid in capital	1,950,806	759,785	(759,785)	(ii)	1,950,806
Reserve	1,990,614	(46,094)	422,688	(ii)	2,367,208
Retained earnings	1,566,787	155,288	8,914	(ii)	1,730,989
Minority interest	109,664	—	—		109,664
Total equity	5,617,871	868,979	(328,183)		6,158,667
Liability					
Non-current liabilities	131	—	—		131
Current liabilities	633,740	240,640	(5,895)	(i)	868,485
Total liabilities	633,871	240,640	(5,895)		868,616
Total equity and liabilities	6,251,742	1,109,619	(334,078)		7,027,283

Note: The above adjustments were i) the adjustment to eliminate the inter-company balance of current assets and liabilities between the Company and ACCA; and ii) the adjustment to offset the long-term investment in ACCA.

December 31, 2008

	The Group before acquiring ACCA RMB'000	ACCA RMB'000	Adjustments RMB'000	(Note)	Consolidated RMB'000
Assets					
Non-current assets	1,007,222	153,044	—		1,160,266
Current assets	4,233,985	906,180	(4,900)	(i)	5,135,265
Total assets	<u>5,241,207</u>	<u>1,059,224</u>	<u>(4,900)</u>		<u>6,295,531</u>
Equity					
Paid in capital	1,776,315	759,785	(759,785)	(ii)	1,776,315
Reserve	1,466,952	(55,008)	759,785	(ii)	2,171,729
Retained earnings	1,416,679	72,461	—		1,489,140
Minority interest	98,810	—	—		98,810
Total equity	<u>4,758,756</u>	<u>777,238</u>	<u>—</u>		<u>5,535,994</u>
Liability					
Non-current liabilities	180	—	—		180
Current liabilities	482,271	281,986	(4,900)	(i)	759,357
Total liabilities	<u>482,451</u>	<u>281,986</u>	<u>(4,900)</u>		<u>759,537</u>
Total equity and liabilities	<u>5,241,207</u>	<u>1,059,224</u>	<u>(4,900)</u>		<u>6,295,531</u>

Note: The above adjustments were i) the adjustment to eliminate the inter-Company balance of current assets and liabilities between the Company and ACCA; and ii) the adjustment to eliminate the paid in capital of ACCA against reserves as a result of the acquisition of ACCA.

The purchase consideration for the Property is allocated into the building element and land element of RMB 109 million and RMB 92 million respectively, by the directors of the Company, with reference to their relative fair values. The building element is recognised as a property, plant and equipment and the land element is recognised as lease prepayment for land use right.

7. ACCOUNTS RECEIVABLE, NET

As of December 31, 2009 and 2008, the ageing analysis of the accounts receivable was as follows:

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Within 6 months	154,690	130,562
Over 6 months but within 1 year	33,947	22,285
Over 1 year but within 2 years	22,305	15,952
Over 2 years but within 3 years	9,469	868
Over 3 years	7,065	7,384
Accounts receivable	227,476	177,051
Provision for impairment of receivables	(41,926)	(12,651)
Accounts receivable, net	<u>185,550</u>	<u>164,400</u>

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The ageing analysis of accounts payable and accrued liabilities are as follows:

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Within 6 months	29,226	20,882
Over 6 months but within 1 year	2,823	20,018
Over 1 year but within 2 years	10,342	41,845
Over 2 years but within 3 years	24,649	6,677
Over 3 years	11,194	10,124
Total accounts payable	78,234	99,546
Accrued liabilities and other liabilities	690,295	597,061
Total	<u>768,529</u>	<u>696,607</u>

9. 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 the Group's general manager. The information reviewed by the general manager is identical to the information presented in the statement of comprehensive income. No segment income statement has been prepared by the Group for the year ended December 31, 2009 and 2008. 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.

10. EVENTS AFTER THE BALANCE SHEET DATE

(a) Significant acquisition completed after the year end

As set out in the Company's announcement dated January 26, 2010 and the circular dated March 2, 2010, the Company made a successful bid for the land use right of the land located in Shunyi District, Beijing, 19 blocks 08, 09, 19 and 21 (the "Land") at the land transfer price of RMB 1,910 million at an open auction held on January 14, 2010. The Company intends to build a new operating centre comprising a database centre and the headquarters office building of the Company.

As of the report date, the Land transfer contract was signed by the Company and Beijing Land Bureau, and the Development Compensation Contract was signed by the Company and Beijing Shunyi Land Reserve Centre respectively. The total land transfer price has been paid by the Company to the Beijing Land Bureau on March 12, 2010.

(b) Supplemental housing fund

The Group, together with CTHC, has obtained an approval from the relevant government authority in February 2010 to establish a supplemental housing fund for their employees. This supplemental housing fund will be utilized to provide supplemental housing benefits to existing employees for both the Group and CTHC who have met certain pre-requisite criteria. The Group is in the process of establishing the plan and evaluating its financial impact.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW 2009

As the leading provider of information technology solutions for 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. The Company has been devoted to serving the needs of all industry participants ranging from commercial airlines, airports, travel product and service suppliers to travel agents, travel service distributors, corporate clients, travelers and cargo shippers, as well as major international organizations such as IATA and government bodies, with the scope of services covering the provision of critical information systems on flight control, air ticket distribution, check-in, boarding and load planning, accounting, settlement and clearing system, etc.. With three decades of tenacious development, the Company has built up a complete industry chain for aviation and travel information technology service, established a relatively comprehensive, competitively priced product line of aviation and travel information technology

service with robust functionality, aiming to help industry participants to expand their businesses, improve service quality, minimize operational costs and enhance operational efficiency, and ultimately bring benefits to travelers.

AVIATION INFORMATION TECHNOLOGY SERVICE

The aviation information technology (“AIT”) services offered by the Company, which consist of a series of products and solutions, are provided to the PRC commercial airlines and more than 300 foreign and regional commercial airlines. The AIT services comprised electronic travel distribution (“ETD”) service (including Inventory Control System (“ICS”) service and 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 for supporting aviation alliances, solutions for developing commercial airlines’ e-tickets and e-commerce, data service for supporting decision-making of commercial airlines as well as information management system for improvement of ground operational efficiency.

The global aviation industry saw the largest ever decline in demand in the first half of 2009 with the continuous spread of global financial crisis, the global economic downturn and the rapid spread of H1N1 influenza, thereby adversely affecting the performance of the Company’s business that is dependent on international demand. In the latter half of the year, China’s international travel and tourism market picked up as the economy of developed countries and emerging economies gradually recovered while the implementation of policies to stabilize external demand and promote exports by the PRC government had been taking effect, leading to a rebound in the number of flight bookings on foreign and regional commercial airlines processed by the Company’s ETD system month after month, with a mild increase for the whole year of approximately 2.1%. As an array of proactive fiscal policies, and loosened monetary policies, as well as domestic demand expansion programs, especially in promoting consumption aiming at boosting steady economic growth, introduced in China in 2009 saw positive effect, China was one of the first countries to show signs of recovery. This, together with the measures undertaken by the Civil Aviation Administration of China (“CAAC”) to tackle global financial crisis, enabled China’s aviation industry to thrive under such adverse circumstances, thereby further facilitating a faster development of the Company’s business dependent on domestic demand. Bookings on the PRC commercial airlines processed by its ETD system rose by approximately 18.5%. In 2009, the Company’s ETD system processed approximately 249.0 million bookings on domestic and foreign commercial airlines, representing an increase of approximately 17.9% over that of 2008.

In view of the difficult operating environment faced by commercial airlines, and to cater for their increasing needs for information technology solutions for various aspects, such as facilitating fast travel, developing e-commerce, enhancing of direct sales capacity, exploring overseas market and strengthening of strategic alliance, the Group has further perfected and developed its aviation information technology service and its extended services in respect of the product lines like seat management, distribution business solutions and airfare solutions for commercial airlines in 2009.

Subsequent to the fulfillment of the goal of paperless Billing and Settlement Plan (BSP) tickets in China, the Company again co-operated with IATA in promoting the actualization of the goal of “Fast Travel” for “simplifying the business” in China’s aviation industry. With the launch of the six services, including self-service check-in, self-service passport control, self-service baggage check, self-service flight rebooking, self-service boarding and self-service baggage inquiry, travelers can now enjoy the convenience of one-stop electronic self service from ticket booking to boarding. It also helped commercial airlines to minimize costs, ensured airports to utilize its scarce space more reasonably and efficiently, and offered travelers with more convenient and flexible services. In 2009, the Company formulated and promoted the application of the standard of two-dimensional (2D) Bar Coded Boarding Passes (BCBP) in the industry. Meanwhile, the fast travel product (E-trip) designed and developed by the Company had commenced operation in Shenzhen Airlines Company Limited and Hainan Airlines Company Limited; its self-designed and developed common use self-service check-in system (CUSS) that meets IATA standard have already been used in 58 major airports in China and hotels such as HNA Hotel Mingguang Haikou; the online self-service check-in service developed for major domestic commercial airlines has commenced operation in 72 foreign/ domestic airports such as the Beijing Capital International Airport, Shenzhen Airport and Singapore Airport; mobile check-in products have also commenced operation in the Beijing Capital International Airport. Passenger departures processed by self-service check-in, online check-in and mobile check-in totaled approximately 13 million.

In 2009, steady progress was seen in the development of the Company’s e-commerce product infrastructure. The Company provided e-commerce platform hosting service for 10 commercial airlines, and assisted China Eastern Airlines Corporation Limited and Shenzhen Airlines Company Limited to establish overseas websites. In addition, the Company designed, researched and developed an e-commerce supporting platform for commercial airlines, namely E-build, for facilitating the development of direct sales by commercial airlines. It is a brand-new product based on loosely-coupled structure comprising modules such as calendar search, up-to-date international fare rates and travelers’ online value-added services, which has been widely used in websites of commercial airlines. The Company has also established e-commerce regional support centers in Guangzhou, Shanghai and Shenzhen, etc. to facilitate prompt response to clients.

In 2009, the Company engineered the seamless integration of agent terminal, e-commerce distribution platform and settlement and clearing system with “WebLink”, a sales settlement and clearing product recently launched by IATA for airline ticket sales settlement and clearing between agents and commercial airlines. The integrated product served as a complete solution covering the entire process from sales to settlement and clearing for the PRC commercial airlines employing overseas agent distribution model, helped the PRC commercial airlines to minimize sales costs in opening up overseas markets, and opened up a new source of income for the Company in overseas sales of its system. In 2009, the Company also established long-term product and commercial co-operation relationship mechanisms between those PRC commercial

airlines, which have joined aviation alliances, such as Star Alliance and SkyTeam, and the aviation alliances. Through active participation of the PRC commercial airlines in the business activities of aviation alliances, the Company continued to deepen and expand the scope of co-operation.

In addition to the subscription of the Company's APP service by all major commercial airlines in China, in 2009, the Company strived to fill the market gap in the face of cutting flights by overseas and regional commercial airlines at the start of the year, making the number of overseas and regional commercial airlines using our APP system service, multi-host access service and ANGEL CUTE platform access service increased to 48, which together processed up to 3.2 million passenger departures in 36 airports. Meanwhile, through continuous upgrade of direct connection with foreign and regional commercial airlines, the number of foreign and regional commercial airlines having direct connection with the Company's CRS system reached 82, with the percentage of sales by direct links accounting for over 99%, which considerably strengthened the Company's capacity to withstand market risks.

AIRPORT INFORMATION TECHNOLOGY SERVICE

In 2009, the Group further strengthened the setup of the product line of airport departure control system, information technology integration, data services platform and government information services. With the airport renovation and expansion proposed under the Central Government's RMB4 trillion infrastructure construction projects, the Group seized the opportunity by actively submitting tenders for the setup of airport information systems. In respect of the new generation APP front-end system, it has undergone an upgrade in the renovation and expansion project of 4 airports ranking top 50 airports in terms of throughput in China including Shanghai Hongqiao Airport and Pudong Airport, Urumqi Airport and Guangzhou Airport. Its application was also promoted in new airports such as Daqing Airport, and it facilitated the PRC commercial airlines in the launch of passenger check-in, transit and connecting flight services in 87 overseas or regional airports, processing approximately 10.5 million passenger departures, accounting for 79.6% of overseas arrivals of the PRC commercial airlines. Angel Lite, a passenger front-end processing system designed and developed for small airports ranking beyond the top 60 airports in terms of throughput in China, has been used in the renovation and expansion project of Fuyang Airport. Our airport security check system has been promoted to airports, such as Shenzhen Airport and Haikou Airport, and we have been awarded contracts for security check system setup and expansion for 8 airports. The Company's self-developed airport data services system has been adopted by 20 airports such as Hangzhou Airport, Tianjin Airport and Western Airport Group to provide support for the decision-making process of airports; while transit passenger information services system has been used in airports such as Dalian Airport and Kunming Airport for strengthening their operational capacity as air transportation hub and ground service quality. The Aviation Passenger Security Information System (APSIS)

performed satisfactorily in Beijing Capital International Airport Terminal 3, and was subsequently adopted by Guangxi Airport Management Group Ltd. and relevant government departments, which served to strengthen the Company's position in the field of aviation information safety in China.

DISTRIBUTION OF INFORMATION TECHNOLOGY SERVICE

The Group's travel service distribution network comprises nearly 60,000 sales terminals owned by more than 6,000 travel agencies and travel service distributors, with high-level networking and direct links to all Global Distribution System (GDS) around the world and 82 foreign and regional commercial airlines through SITA networks, covering over 400 domestic and overseas cities. The Group rendered technology support and localized services to travel agencies and travel service distributors through more than 30 local distribution centers across China and 6 overseas distribution centers across Asia, Europe and North America. The network processed over 180.7 million transactions during 2009 with transaction amounting to over RMB220.4 billion.

In 2009, the Group continued to strengthen the setup of the product line of distribution information technology service. On top of its effort in perfecting its products such as TravelWeb front-end business system, IBE and E-data and rolling out new products such as short message service platform, one-stop commercial system and BlueSky, a comprehensive business platform, the Company also gradually built up a travel product segment with front-end products such as travel management consultant business platform (TMC), online booking tool business platform (OBT) and travel service data business platform (OPEN DATA) as core products, and has adopted PID, IBE product turnover billing systems, which not only enhanced the operational efficiency and service quality of travel service distributors, but also opened up new sources of income for the Company and enhanced its capacity to withstand operation risks.

TRAVEL PRODUCT DISTRIBUTION SERVICE

In 2009, by reinforcing its collaboration with foreign and domestic travel product suppliers such as the Hilton Group, developing multi-level downstream distribution channels including travel service distributors, hotel's GDS, domestic commercial airlines, travel consultants and reservation centers, and leveraging on the three product segments, namely direct links with hotels, exchange platform and distribution channels, the Group surpassed the 1-million mark by successfully distributing 1,078.6 thousand hotels' room-nights, representing an increase of 135.0% as compared with that in 2008.

AIR FREIGHT LOGISTICS INFORMATION TECHNOLOGY SERVICE

China's air freight market was also adversely affected by the global financial crisis in 2009, leading to a significant drop in investment amount on IT services by commercial airlines and airports in relation to freight. The Company responded flexibly by proactively working on system upgrade and product development for air freight logistics information technology systems on one hand, and by accelerating its marketing effort on the other hand. While the Company upgraded the freight systems already used by its existing airline and airport clients, it also won the tender of the air freight system building project of Urumqi Airport, which, together with the adoption by 11 airports such as Xining Airport and Nanchang Airport of the Group's air freight business system, CFPS LITE, which supports the cargo terminals of medium and small sized airports, contributed to an increase of the Group's airport clients to 49. Subsequent to the entering into air freight management agreement with Hong Kong Express Airways Limited, the Group's commercial airline clients increased to 11. In 2009, the Group processed approximately 4.9 million airway bills, an increase of 16.7% over that of 2008. The new freight logistics information technology system with a view to accommodating needs of neutral cargo terminals which require multi-tasking management, upstream-downstream cooperation and meticulous business has successfully commenced operation in the Guangzhou Baiyun International Airport. It has been the largest airport freight information system project undertaken by the Group, and also the freight system construction that covers the widest scope of business and functions, which marks a major step forward in fulfilling the Group's strategic objective of "parallel development of passenger and freight businesses". The customs platform for freight information developed by the Group has commenced operation in 4 airports such as Hangzhou Airport and Chengdu Airport, enabling users to meet the requirement of the new customs manifest system in a simple and convenient manner.

ACCOUNTING, SETTLEMENT AND CLEARING SERVICE

The Company provided accounting, settlement and clearing services and information system development and support services to commercial airlines and other aviation corporations through Accounting Center of China Aviation Limited Company (中國航空結算有限責任公司) ("ACCA"), a wholly-owned subsidiary of the Company. As the downstream businesses of the Company's principal activities in air travel service distribution and sales, the above businesses strengthened the Company's information technology business in the air transportation and travel industry. Apart from being the world's largest service provider of IATA BSP Data Processing ("BSP DP"), ACCA is also the largest provider of outsourced services and system products in revenue settlement and clearing in the air transportation industry in China. Its major customers include domestic passenger and cargo airlines, overseas and regional commercial airlines, domestic airports, government organizations and IATA. In 2009, there were approximately 362.5 million transactions and approximately 131.7 million BSP tickets processed with respect to the system service business of ACCA, while settlement and clearing of passenger and cargo revenues as well as international settlement fees amounted to US\$3.6 billion.

In 2009, ACCA continued to consolidate its existing markets. Efforts have been put on system upgrade and renovation for international passenger transport settlement system of major domestic commercial airlines, and on expansion of market share and business scope. Three new commercial airlines, such as Okay Airways Company Limited, China Joy Air Co., Ltd. and Kunming Airlines Ltd., used ACCA's domestic settlement and clearing management system. It also won the tender of aviation settlement and clearing project of Western Airport Group, and has commenced operations in 14 airports including those in Xianyang, Yinchuan, Xining and Yanan. The settlement and clearing business operations originally self-conducted by airports, such as Beijing Capital International Airport, Harbin Airport, Changchun Airport and Changsha Airport, were transferred to ACCA. Furthermore, ACCA did the preparation work in relation to the staff, workflows and technologies associated with BSP transfer projects pursuant to the requirements set out in the agreement signed with IATA; at the end of 2009, 40 BSP companies in Asia-Pacific and Europe had switched to operate steadily on the BSP data processing system of ACCA.

CONSTRUCTION OF THE NEW GENERATION AVIATION PASSENGER SERVICE SYSTEM

The designing theme of the Group's new generation aviation passenger service system is passenger-orientation. It adopts service-orientation architected ("SOA") technical structure, which not only has advantages such as powerful mainframe handling capacity, flexible research and development on open platforms and technologies, and quicker response, but also achieves smooth transition of system functions and maintains low operation cost, so as to support the sustainable development of commercial airlines' businesses and tie in with the development trend of aviation and travel industry. In 2009, in intensifying the analysis of demand of commercial airlines, and in line with the construction principle of "self-development, gradual improvement and openness" and the construction standard of "advanced technology, flexible usage, well-equipped facilities, high cost performance and value-added data" for new generation aviation passenger service system, and pursuant to its resources contribution plan, the Group has made steady progress in the fundamental platform construction and technical development of the new generation aviation passenger service system. The Group also continued its efforts in constructing and perfecting middleware platform and its related subsystems to facilitate future development, speeding up the development of ICS system and international air tariff system, and the research in open platform and core trading platform.

INFRASTRUCTURE

In 2009, the Group continued to integrate existing resources in research and development and operation maintenance, further increased investment in infrastructure and stepped up technological renovation, optimized core resources allocation of mainframe systems and open platforms, monitored utilization of system resources such as PID and IBE, promoted the application of OPEN AV technology, renovated the machine rooms for energy-saving and consumption reduction purpose, assessed the overall security of electronic ticket system, perfected corporate information system classification management and reinforced core system disaster recovery. In addition, the Group successfully completed the civil aviation travelers information security work during the celebration of the 60th Anniversary of New China, and successfully commenced operation of the outsourcing contract items of the data center of China Galaxy Securities Company Limited. In 2009, the utilization ratios of the Group's ICS, CRS, APP and settlement and clearing mainframe systems were around 100%, 99.99%, 100% and 99.80% respectively.

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 results announcement. 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 2009, profit before taxation of the Group was approximately RMB903.6 million, representing an increase of approximately 25.0% over that in the year ended December 31, 2008 ("Year 2008"). Earnings before interests, tax, depreciation and amortization (EBITDA) reached approximately RMB1,163.1 million, representing an increase of approximately 20.7% over that in Year 2008. Profit attributable to equity holders of the Company was approximately RMB775.9 million, representing an increase of approximately 21.6% over that in Year 2008 mainly due to the strict cost control amid a growth in revenue.

The basic and diluted earnings per share of the Group in Year 2009 were RMB0.40.

Net Cash Flows and Liquidity

The Group's working capital for Year 2009 mainly came from operating activities. Net cash inflow from operating activities amounted to RMB700.1 million.

In Year 2009, 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, 2009, cash and cash equivalents of the Group amounted to RMB1,555.7 million, of which approximately 94.5%, 4.1% and 1.0% were denominated in Renminbi, U.S. dollars and Hong Kong dollars, respectively.

Held-to-maturity Financial Assets

The Company did not hold any treasury bonds of China or any held-to-maturity financial assets as at December 31, 2009.

Charge on Assets

As at December 31, 2009, the Group had no charge on its assets.

Capital Expenditure

The capital expenditure of the Group amounted to approximately RMB405.2 million in Year 2009, representing an increase of approximately RMB204.6 million as compared to that of approximately RMB200.6 million in Year 2008. The capital expenditure of the Group in Year 2009 consisted principally of purchase of hardware, software and construction of infrastructure in accordance with the Group's development strategies.

The Board estimates that the Group's planned capital expenditure for the financial year ending 2010 will amount to approximately RMB3,217.6 million, which is mainly for construction of new operating centre in Beijing (inclusive of the related expenses detailed in the paragraph below) and development of the new generation aviation passenger service system and promotion of other new businesses. The sources of funding for the capital expenditure commitments will include existing cash on hand and internal cash flow generated from operations. The Board estimates that the sources of funding of the Group in 2010 will be sufficient for its capital expenditure commitments, daily operations and other purposes.

As set out in the announcements dated January 26, 2010 and February 26, 2010, and the circular dated March 2, 2010, the Company made a successful bid for the land use right of 08, 09, 19 and 21 blocks at Xincheng 19 Street, Shunyi District, Beijing at a transfer price of RMB1,910 million at an open auction to construct a new operating centre of the Group. The Company had fully paid the land transfer price on March 12, 2010.

Exchange Risks

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

Gearing Ratio

As at December 31, 2009, the gearing ratio of the Group was approximately 12.4% (2008: 12.1%), which was computed by dividing the total amount of liabilities by the total assets of the Group as at December 31, 2009.

Contingent Liabilities

As at December 31, 2009, the Group had no material contingent liabilities.

Employees

As at December 31, 2009, the total number of employees of the Group was 4,097. Staff costs amounted to approximately RMB487.3 million for Year 2009, representing approximately 26.8% of the total operating cost of the Group for Year 2009.

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, as amended from time to time. The remuneration of the employees of the Group includes salaries, bonuses and fringe benefits provided in compliance with relevant regulations in the PRC, as amended from time to time, such as medical insurance, pension, unemployment insurance, maternity insurance and housing funds.

In 2008, the Group established a corporate annuity scheme (or “supplementary pension plan”) in accordance with relevant policies of the PRC. According to the corporate annuity scheme which had been approved and come into effect in 2008, the Group is required to make provision for monthly corporate annuity fees with reference to the total actual salary each month during 2008 and the ratio approved by the relevant authorities of the PRC. It also needs to deposit the annuities in the custody account of corporate annuity fund opened by its custodian. In 2009, the annual corporate annuity of the Group amounted to approximately RMB19.1 million.

Currently, none of the Non-executive Directors of the Company receive any remuneration. Nevertheless, any reasonable fees and expenses incurred by the Non-executive Directors during their tenure of service will be borne by the Company. Independent Non-executive Directors of the Company do receive director’s fee, which is determined by reference to the prevailing market price, their duties and personal qualifications, and that any reasonable fees and expenses incurred by Independent Non-executive Directors during their tenure of service will be borne by the Company. All Directors are entitled to liability insurance acquired by the Company for Directors.

The Group also provides its employees with opportunities to acquire skills in areas such as the aviation and travel industry, computer information technologies and business administration, and provides training on the latest development in areas such as computer information technologies, personal qualities, laws, regulations and economics.

Appropriations and Distribution of Profit

In Year 2009, according to the Company Law of the People's Republic of China (the "PRC Company Law"), related laws and regulations, and the articles of association of the Company (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.

The appropriation of 20% of its net profit to the discretionary surplus reserve fund for the year ended December 31, 2008 was approved in the annual general meeting held on June 5, 2009. The amount was accounted for in shareholder's equity as a distribution of retained earnings in the year ended December 31, 2009.

The proposed appropriation of 20% of its net profit amount to RMB130.4 million to the discretionary surplus reserve fund for the year ended December 31, 2009 is subject to shareholders' approval at the forthcoming annual general meeting. Therefore, the amount will be recorded in the Group's financial statements for year ending December 31, 2010.

FINAL DIVIDEND

On April 22, 2010, the Board recommended the distribution of a final dividend of RMB261.4 million in cash, aggregating to RMB0.134 per share for Year 2009. The total number of shares in issue which entitles the receipt of those dividends is 1,950,806,393 shares. Upon distribution of the above final dividend, the distributable profit as at December 31, 2009 is approximately RMB958.7 million (2008: RMB745.4 million).

Pursuant to the new CIT Law and the Implementation Rules of the Corporate Income Tax Law of the People's Republic of China, non-resident enterprise shareholders (including enterprises holding H shares of the Company as defined by the new CIT Law) are subjected to an enterprise income tax for its income arising within the PRC territory (including dividends they were entitled to as defined by the new CIT Law). The applicable tax rate of 10% is withheld by the Company.

The 2009 annual general meeting of the Company (the "AGM") will be held on June 25, 2010 in Beijing, the PRC. The register of members of the Company will be closed from May 26, 2010 to June 25, 2010 (both days inclusive). Holders of the H shares and domestic shares whose names appear on the register of members of the Company at the close of business on May 25, 2010 are entitled to attend the AGM and the proposed final dividend for Year 2009 as approved at the AGM.

The Company will make further announcement(s) on the specific arrangements in relation with dividend payment after the AGM, including the date of payment of dividends and mechanism of withholding the income tax payable by non-resident enterprise shareholders.

PROSPECT FOR YEAR 2010

Looking forward to 2010, it is predicted that the recovery of world economy will be built on shaky grounds, as countries face dilemmas over the exit strategies of their financial stimulus policies, making the outlook of international aviation industry seems not the time to be optimistic. On the other hand, despite the implementation of policies by the PRC government to stimulate consumption, which provided a favorable basis for domestic aviation industry to maintain strong growth in demand, external factors, such as oil price and exchange rate fluctuations, the launch of high-speed rails, as well as the transformation in the growth pattern of China's economy, and the structural adjustment of the industry, will bring along various changes to the domestic aviation market in different aspects, including industry structure, competitive landscape, business model and growth pattern. The Group is called to thoroughly study the repercussion of these factors on our information technology solution services, and find out the changes in demands and formulate effective measures in response. Seeing the above mentioned uncertainties in this "Post-crisis Era", the rapid development in internet, the extensive application of open technology, and the gradual relaxation in GDS restriction of major aviation markets around the world, as well as the development of new industrial participants, the Group expects greater challenges ahead.

As such, the Group will accelerate the construction of the new operating centre in Shunyi, Beijing and the development of the new generation aviation passenger service system in 2010, in order to increase our capability of sustainable development. Through technological innovation, management innovation and enhancement of talent team building, the Group will devote greater efforts to elevating its technological services capability, market expansion capability and operation management ability. We will leverage on organic growth in existing traditional businesses and continual exploration into new businesses, in order to realize the objective of "staying committed to becoming a leading information technology service provider with core competitiveness, sparing no effort to achieve the goal of becoming a top-tier enterprise with international competitiveness".

With respect to the construction of infrastructure, the construction of the new operating centre in Shunyi new zone will lay a good foundation for the Group's sustainable development in our main aviation business. This centre will also serve as a low cost expansion platform for the Group's expansion into new businesses and third-party public information hosting business.

With respect to the technological innovation, the Group will further reinforce the safety measures as well as accelerate the development of the new generation aviation passenger service information system and related products portfolio. We will also optimize the correlation between the sharing platform and individual services, grasping the core demand of customers, which are to gain competitive edge and minimize costs. While exploit the potential value of our existing platforms, the Group will set its eyes on the IT market covering the whole industry, and formulate an all-rounded IT platform construction strategy in line with the development direction of “boosting platform resources and enriching product offerings”. Hence, the Group will create an IT service platform that encompasses the complete traveling flow of aviation passengers, and therefore set up a comprehensive airport information technology solution. We will accelerate the pace in the establishment of systems and the development of products in new businesses which are end-client facing to nurture new growth drivers. Such businesses include e-commerce services of aviation/non-aviation online travel product distribution, including hotels and air-tickets, aviation cargo logistics information technology service as well as public information service.

With respect to management innovation, the Group will continue to bring customer services to the fore and improve the management system of our subsidiaries, with the aim to enhance our regional technological services and market expansion capabilities. The Group will also aim to improve its risk control capability and operational efficiency by further streamlining of internal corporate management system and workflow as well as establishment of a rational cost-management system. Meanwhile, the Group will strengthen its corporate governance, establish the duty-linked salary system to one that matches the corporate mechanism, and improve the performance management system as well as implement an equity incentive plan, so as to stimulate the creativity of its management and staff .

With respect to talent and team building, under the guidance of its people-oriented philosophy, and on the basis of its own industry features, the Group will establish a new type of corporate culture that combines innovation and co-operation to enhance strategic execution. By continuing to value talents’ contribution to the corporate strength, the Group will strengthen the education, training, incentive and management of its staff, to mould a high-quality team which is dedicated to its duties while equipped with excellent skills and high proficiency, forming an elite base for the leapfrog development of the Group. To promote a mechanism that values talents, the Group will optimize the structure of the management team, enhance their collaboration ability, managerial skills and leadership, and set up a system of appraisal-advancement and rotation of duties.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended December 31, 2009, the Company and any of its subsidiaries did not purchase, sell or redeem any of its securities.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the accounting policy and practice adopted by the Group 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 2009.

CORPORATE GOVERNANCE PRACTICE

In compliance with the PRC Company Law 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 the “Code on 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.

In 2009, the Company has fully complied with the Code except the code provisions A.1.1, A.4.2, D.1.1 and D.1.2. In 2009, the Company only convened three meetings that required Directors’ attendance in person, which did not satisfy the requirement of at least four meetings that require attendance in person as stipulated in code provision A.1.1. However, the Board made 5 resolutions by circulation of documents. The Board will endeavour to arrange meetings appropriately for Directors’ attendance in person for the purpose of satisfying the requirement of the code provision. Since election of Directors could not be arranged in time at the expiry of term of the third Board, pursuant to the relevant requirements of the PRC Company Law and the Articles, the Directors of the third Board should perform their duties until the forming of the fourth Board. As a result, certain members of the third Board held a term exceeding 3 years, which was not in full compliance with code provision A.4.2. 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 written guidelines in respect of other duties 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 arrangement does not prejudice the interests of the Company.

PUBLICATION OF ANNUAL RESULTS ON THE INTERNET WEBSITES

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (<http://www.hkex.com.hk>) and the website of the Company (<http://travelsky.todayir.com>) established in accordance with Rule 2.07C(6)(a) of the Listing Rules.

By the order of the Board
TravelSky Technology Limited
Xu Qiang
Chairman

Beijing, PRC, April 22, 2010

As at the date of this announcement, the Board 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.