

PROSPECT FOR THE SECOND HALF OF THE YEAR

Despite the slowdown in the global economy in the first half of 2001, China's economy has still been growing at a rate of 7.9%. With the series of important State measures including a positive financial policy, the development of the Western part of China and the stimulation of internal demand, the Directors believe that the domestic economy will continue to develop at a speedy and healthy pace in the second half of 2001. The Directors anticipate that the sustainable development of the Chinese air travel and tourism industries will be fostered by factors including the continuous growth of the Chinese economy, the strategic reorganisation of the Chinese civil aviation industry which began in April 2001, the success of Beijing in its bid for the hosting of the 2008 Olympic Games and the accession of China to the WTO in the second half of 2001. In order to capture the new opportunities and to face the new challenges, the Company will focus on the following tasks:

- to continue the implementation of the five-year capital expenditure programme, integrate Internet and open platform technologies, make reference to advanced international technological standards, devote significant efforts in developing information technology solutions and services suited to the Chinese air travel and tourism industries, in an effort to further consolidate the status of the Company as the dominant provider of information technology solutions for the air travel and tourism industries in China;
- to continue to adhere to efficient modes of business operations and new marketing strategies, so as to significantly expand the market for core businesses, and maintain and increase the market share for such businesses;
- to take full advantage of the experience and leading position of the Group in providing the Chinese air travel and tourism industries with information technology solutions in the last 20 years to satisfy the increasing reliance by participants of the Chinese air travel and tourism industries and industries related thereto on information technology solutions to improve their value chains and the competitiveness of their core businesses, thereby creating new development opportunities for the Group;
- to devote continued efforts in reducing operating costs by applying advanced technical measures, and to increase the efficiency of capital utilisation through a variety of measures; and
- to identify, in the course of the reorganization of the Chinese civil aviation industry and through the use of the Group's abundant capital, strategic acquisition or investment opportunities in businesses which are related to the core businesses of the Company.