

CHAIRMAN'S STATEMENT

Dear Shareholders,

2004 has been a remarkable year in the Group's history of development. Bookings processed by our electronic travel distribution ("ETD") system amounted to 132.2 million, a breakthrough of 100 million benchmark for the first time, representing a new milestone in the Group's development path. With the coming transitional period following the PRC's accession to the WTO, however, the Group also steps into a new era fraught with opportunities and challenges.

On the one hand, to improve efficiency with response to multilevel and diversified travelers' demands and increasingly heated market competitions in the thriving PRC air and travel industry arising from the fast-growing national

economy and its booming tourism industry during this period, participants including commercial airlines, travel product and service providers, airports, travel agencies and travel service distributors are required to adopt new information technology solutions, utilize innovative distribution channels and service modes to streamline workflow, and strengthen alliances and cooperation. Accordingly, the growing market scale of the PRC civil aviation industry, together with the increasing demand for information technology solutions in the industry, lays a solid market foundation for the Group's development. On the other hand, with the trend of deregulation in the global major GDS markets as a result of emerging new distribution technology and e-commerce, the GDS business mode in the traditional distribution value chains is evolving into a new business mode which locks on end travelers in the distribution value network. Furthermore, following the gradual steps to perform its undertakings for accession to WTO, the PRC government is introducing deregulatory industrial policies to encourage competitions, resulting in a gradually open GDS market of China. All such factors will bring uncertainties that may result in tough challenges to the Group's development.

To address such opportunities and challenges, the Group will capitalize on its long-standing experience in provision of localized service and increase its capability in cost-effective operations. In light of its vision of "Take safety foremost, secure customers with service and wield information to create value", the Group will put efforts in building capabilities of decision-making and implementation. Furthermore, the Group will focus on market, technologies/products and its staff, with well-established relations between business development and current returns, short-term benefit and long-term growth as well as rebuilding of system/workflow and regeneration of corporate culture to sharpen its competitive edge.



Mr. Zhu Yong
Chairman

Under a clearer development strategy, the Group will

- improve safety management of information technology to enhance its strategic position in the industry;
- Innovate business modes and improve business capabilities to build vertically integrated and closer cooperative relations based on stronger alliances between providers and distributors of air travel product and service, thereby enhancing the leading position of its core businesses in the market;
- refine its service system and promote technological innovations to improve customer satisfaction;
- target a leap in the Group's development by proactively developing new generation traveler service system and product lines to meet the development needs of the industry;
- capitalise on the opportunities in the PRC's fast-growing distribution market of travel products and the increasing demands for air safety information, and take efforts to foster new sources of business growth;
- tap on international route to elaborate its competitive advantages, and seek to build strategic alliances with top international players to pave way for further development;
- further enhance corporate governance, strengthen reforms in personnel, labour and allocation systems, establish market-oriented human resources mechanism to inspire staff's creativity and improve core competitiveness; and
- strive to foster new corporate culture with innovation, and synergy to improve mobility to address market changes.

Mr. Ma Tiesheng resigned from his office as Chairman of the Company in August 2004 due to work-related reasons. Since then I have been the Chairman and Mr. Zhu Xiaoxing was appointed as the General Manager and joined the Board of Directors. On behalf of the Board of Directors, I would like to express our heartfelt thanks to Mr. Ma Tiesheng for his outstanding leadership and valuable contribution during his office. I believe, at the same time, that with the efforts of our directors and senior management members as a whole, we are poised to maintain the dominant position as a leading information technology provider in the PRC air and travel market, and bring our shareholders desirable returns throughout our sustainable development.

Here I would take this opportunity to express my gratitude to all of our staff members for their faithfulness and efforts, and my deepest thanks to our shareholders, investors, directors, supervisors and our customers for their continuous trust and support.

Zhu Yong
Chairman

March 19, 2005