



## CHAIRMAN'S STATEMENT



*Chairman*

**Mr. Zhu Yong**

### **Dear Shareholders**

Year 2006 again saw China's booming aviation and travel industry fueled by the fast growing PRC economy, leaving the persistently high oil prices behind. As a leading supplier of information technology solutions in the industry, the Group captured opportunities to maintain a strong momentum, and recorded attractive results in return to shareholders.

Looking ahead, the rapidly changing business environment is bringing forth both opportunities and challenges to the Group. It is widely forecasted that China's aviation industry, currently being the globally second largest market, will maintain robust development trend in the coming decade as driven by the fast-growing national economy, escalating domestic demand and bustling international communications. Industry participants would be spurred into increasing competitions under the deregulating and pro-competition industrial policies which are designed to achieve growths from liberalization and reform. To address the competitions at home and abroad, the participants would be increasingly pushed to leverage information technology services to realign their business modes, streamline workflows, expedite alliances and co-operation, and enhance operation efficiency. The industry landscape is also expected to evolve amid the global tides featuring regional markets, international alliances, diversified investments and cost-effective operations. Especially, new industry players out of the deregulating GDS environment in global major aviation markets, which are springing from the grounding of simplified business concept, speedy progress of internet progress and penetration of open platform technologies, are redefining the existing game rules and shaping the whole industry.

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In view of such opportunities and challenges, the Group will further enhance its safety guarantee ability, technology/product innovative edge as well as market service capability, and strengthen operation management and improve corporate governance. All the efforts will be under a scientific development perspective and focus on the kick-off of Olympic backing activities targeting better global competitiveness, so as to secure breakthroughs based on the Group's established strengths to add values for shareholders, customers and the staff.

Looking forward upon its established development strategy, the Group will invest into infrastructures, upgrade technology and implement stringent management, laying a solid safety foundation to ensure safe and reliable running of the information system for 2008 Olympic season. In light of its technologic strategy of "forward-looking, exigency-compatible, application-first, technologically rational and stabilization-focused for smooth transition, accented breakthroughs and overall upgrading", the Group will introduce, assimilate, absorb and upgrade the advanced, mature and mainstream technologies from abroad, with an aim to sharpen its innovative edge by upgrading the existing system and developing the new generation of aviation traveler service system and product lines. Efforts will be also put in maintaining the Group's market leadership in core businesses through seeking strategic alliance with the major participants in the industry for prospective win-wins. Meanwhile, the Group will identify new sources of business growth, which are expected to derive from offline/online distribution of travel products including air tickets and hotels as well as information technology integration service by leveraging product and capital operations to capture opportunities in each link of the value chain of the aviation and travel industry. Internally, the "Strengthening the Enterprise by Talents" strategy will be followed, and the incentives and control mechanism will be refined to forge a high caliber, tough-minded and reliable team of executives and employees to root core competitiveness. The Group is committed to improving disciplined internal control and corporate governance, and to developing a new corporate culture featuring innovation and synergy, so as to enhance strategy executive abilities.

The third Board of the Company was established on January 9, 2007. I wish to thank Mr. Yang Yatie, Mr. Li Xiaoguang, Mr. Si Yupei and Mr. Wu Jiapei, all of whom have resigned as directors, for their contributions during their office as directors of the Company. At the same time, I believe that with the efforts of the new Board, the management and the staff members as a whole, the Group is well positioned to profit from rapid growth and create value for shareholders through its heritage-based innovations.

**Zhu Yong**  
*Chairman*

March 28, 2007