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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)*

## **ANNOUNCEMENT**

### **Connected Transaction**

#### **Summary**

The Board wishes to announce that on 11 November 2003, the Company entered into the Purchase Agreements pursuant to which the Company has agreed to purchase the Products and Services from the Seller.

Under the Listing Rules, the entering into of the Purchase Agreements should have been announced upon signing. The reason for the late disclosure was due to the fact that the Company believed erroneously that the entering into of the Purchase Agreements fell within the scope of an ongoing connected transactions waiver granted by the Stock Exchange which was renewed on 10 December 2003. The Stock Exchange has reserved the right to take disciplinary action against the Company for this breach of the Listing Rules.

#### **Connected Transaction**

The Company currently holds 47% of the equity interest in the Seller, while China Eastern Air Holding Company, a promoter of the Company, currently controls 37% of the equity interest in the Seller, hence the Seller is a connected person of the Company and the entry into the Purchase Agreements constitutes a connected transaction of the Company. As the Directors, including the independent Directors, consider that the transaction is on normal commercial terms and as the amount of the consideration is less than 3% of the Company's net tangible assets, the Company will not be required to seek independent shareholders' approval at a general meeting.

## **Terms of the Purchase Agreements**

The Company has entered into the Purchase Agreements on 11 November 2003 with the Seller pursuant to which the Company has agreed to purchase the Products and Services from the Seller. The total consideration for the Products and Services is RMB 6,664,864 in cash, which was arrived at after arm's length negotiation between the parties. The consideration is to be paid in two instalments with the first installment (amounting to 30% of the total consideration) payable upon the signing of the Purchase Agreements and the balance payable upon the provision of the Products and Services in full. The Purchase Agreements are unconditional.

Under the Listing Rules, the entering into of the Purchase Agreements should have been announced upon signing. The reason for the late disclosure was due to the fact that the Company believed erroneously that the entering into of the Purchase Agreements fell within the scope of an ongoing connected transactions waiver granted by the Stock Exchange which was renewed on 10 December 2003. The Stock Exchange has reserved the right to take disciplinary action against the Company for this breach of the Listing Rules.

## **Connected Transaction**

The Company currently holds 47% of the equity interest in the Seller, while China Eastern Air Holding Company, a promoter of the Company, currently controls 37% of the equity interest in the Seller, hence the Seller is a connected person of the Company and the entry into the Purchase Agreements constitutes a connected transaction of the Company. The Directors, including the independent Directors, consider that the transaction is on normal commercial terms and in the ordinary and usual course of business of the Company and as the amount of the consideration is less than 3% of the Company's net tangible assets, the Company will not be required to seek shareholders' approval at a general meeting.

## **Reasons for the Transaction**

The purchase of the Products and Services primarily comprise essential business hardware such as internet switches and routers which are used within the Company's information technology systems. The purchase of the equipment is in line with the Company's strategy of upgrading its information technology to complement the expansion of its business.

The Seller is principally engaged in the provision of information technology services, including hardware and software services, network development and maintenance and the provision of civil aviation network nodes and end user facilities. The Seller was selected as the vendor of the equipment after the proposed requisition of the Products and Services was put out in a public tender in accordance with applicable PRC laws and regulations. Under PRC laws and regulations, the Company must consider at least three bidders for a tender process to proceed. As part of the tender process, the Company put out a tender notice on two websites, [www.chinabidding.com](http://www.chinabidding.com) and [www.chinabidding.com.cn](http://www.chinabidding.com.cn), after which two pools of bidders were considered for selection by a committee comprising independent experts and representatives from the Company.

With the benefits arising therefrom, the Directors, including the independent Directors, consider that the acquisition of the Products and Services is in the interests of the shareholders of the Company as a whole.

### **Business of the Group**

The Group is principally engaged in providing information technology solutions for China's air travel and tourism industries and inventory management solutions for Chinese commercial airlines.

### **Definitions**

“Board”	the board of directors of the Company
“Company”	TravelSky Technology Limited, a company incorporated under the laws of the PRC whose H shares are listed on The Stock Exchange of Hong Kong Limited
“Directors”	the directors of the Company
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	People's Republic of China
“Products and Services”	certain computer network hardware and software and certain related services to be provided by the Seller in respect of such computer network hardware and software

“Purchase Agreements”	two agreements dated 11 November 2003 pursuant to which the Company has agreed to purchase and the Seller has agreed to sell the Products and Services
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Shanghai Civil Aviation East China Service System Integration Company Limited, a company incorporated under the laws of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

In this announcement, unless otherwise stated, certain amount denominated in RMB has been converted (for information only) into HK\$ using an exchange rate of HK\$1.00: RMB1.10. Such conversion shall not be construed as a representation that amounts in RMB were or may have been converted into HK\$ (as the case may be) using such exchange rate or any other exchange rate or at all.

By Order of the Board  
**TRAVELSKY TECHNOLOGY LIMITED**  
**Ding Weiping**  
*Director and Company Secretary*

Beijing, the PRC, 6 February 2004

Please also refer to the published version of this announcement in The Standard / Sing Tao Daily.