THE STOCK EXCHANGE OF HONG KONG LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)
(the "Exchange")

28 September 2009

The Listing Committee of The Stock Exchange of Hong Kong Limited (the "Listing Committee") criticises the following parties for breaching the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Exchange Listing Rules"):

1. **Travelsky Technology Limited (the "Company") (Stock Code: 696);**
2. **Mr Zhu Yong, a former executive director and chairman of the Company, resigned on 20 May 2008 ("Mr Y Zhu");**
3. **Mr Ding Wei Ping, a former executive director of the Company, resigned on 17 October 2008 ("Mr Ding");**
4. **Mr Song Jin Xiang, a former executive director of the Company, resigned on 17 October 2008 ("Mr Song"); and**
5. **Mr Zhu Xiao Xing, a former executive director and chief executive officer of the Company, resigned on 3 March 2009 ("Mr XX Zhu").**

On 11 August 2009, the Listing Committee conducted a hearing into the conduct of, among others, the Company and Mr Y Zhu, Mr Ding, Mr Song and Mr XX Zhu (collectively, the "Relevant Directors") in relation to the obligations under the Exchange Listing Rules and the Director's Declaration and Undertaking given by each of the Relevant Directors to the Exchange in the form set out in Appendix 5 Form H to the Exchange Listing Rules (the "Director's Undertaking").

Facts

The disciplinary hearing was in connection with the following cases of alleged breaches of the Exchange Listing Rules:

Case A

Immediately before the Company's listing in February 2001, the Company entered into agreements with eight promoters for an initial term of five years until October or November 2005 (collectively, the "Predecessor Agreements") for the provision of various aviation information technology services and ancillary support ("Technology Services").

Given that a promoter is a connected person of a PRC issuer under the Exchange Listing Rules, the Predecessor Agreements therefore constituted continuing connected transactions for the Company. The Exchange granted the Company a waiver from strict compliance with the disclosure and independent shareholders' approval requirements for the transactions under the Predecessor Agreements until 31 December 2003 and a further waiver from 1 January 2004 to 17 October 2005 (the "Waiver").

The Waiver expressly stipulated that if any material terms of the transactions were altered (unless as provided for under the terms of the relevant agreement or arrangement) or if the Company entered into any new agreements with any connected persons in future, the Company would have to comply with the Exchange Listing Rules governing connected transactions unless a separate waiver was obtained.

Between October 2004 and January 2005, the Company renewed six of the Predecessor Agreements with six promoters (i.e. Agreements (1) to (6)). In November 2005, the Company entered into agreements with two other promoters (i.e. Agreements (7) and (8)). The percentage ratios for the transactions under Agreements (1) to (8) on an annual basis were between 18.23 per cent and 128.15 per cent.

As Agreements (1) to (6) covered periods different from those under the relevant Predecessor Agreements, the Listing Division took the view that they constituted "new agreements" and their duration was a "material term of the transactions". The Waiver for the transactions under the relevant Predecessor Agreements therefore lapsed on the respective dates when Agreements (1) to (6) were entered into. Further, Agreements (7) and (8) were also "new agreements" entered into after expiry of the Waiver and not covered by any waiver.

Case B

The Company, or through its subsidiary, continued or entered into continuing connected transactions under six agreements from 1 January 2007 to 31 December 2009 (i.e. Agreements (9) to (14)).

In addition to Agreement (10), the Company had to pay fees for certain services provided by the counterparty to Agreement (10) which also constituted continuing connected transactions for the Company (Agreement (10) and the payment arrangement are collectively referred to as "Arrangement (10)").

The percentage ratios for the transactions on an annual basis were between 0.18 per cent and 2.4 per cent under Agreement (9) and between 0.34 per cent and 41.34 per cent under Arrangement (10) and each of Agreements (11) to (14).

The transactions under Agreement (9), Arrangement (10) and Agreements (11) to (13) were covered by the Waiver from strict compliance with the disclosure requirement until 31 December 2006. The transactions under Agreement (14) were not covered by the Waiver and the Company had to comply with the connected transaction requirements upon signing the agreement on 1 December 2006.

Case C

On 29 August 2007, the Company entered into an agreement with a subsidiary of a promoter (counterparty to Agreement (7)) and a connected person of the Company (the "Connected Subsidiary") for the provision of Technology Services which constituted continuing connected transactions from 1 January 2006 to 31 December 2011 (i.e. Agreement (15)).

Agreement (7) had a term of three years from 16 November 2005 to 15 November 2008. It provided that reference to the promoter included its subsidiaries and associated companies. The transactions between the Company and the Connected Subsidiary for the provision of Technology Services therefore had been covered by Agreement (7). Shareholders' approval for the transactions under Agreement (7) was obtained on 25 May 2006.

As it was the sole recipient of Technology Services under Agreement (7), the Connected Subsidiary considered that it was more appropriate to enter into an agreement directly with the Company. Except for the duration and the signing party, the terms of and the actual recipient of Technology Services under Agreements (7) and (15) were the same in all material respects.

Agreement (15) was dated 30 June 2007, and was signed by the Company on 29 August 2007 after it was approved at a board meeting on 24 August 2007. The agreement was not made conditional on independent shareholders' approval when it was entered into. The percentage ratios for the transaction under Agreement (15) on an annual basis were between 3.44 per cent and 28.11 per cent.

The Listing Division considered that the Company should have complied with the connected transactions requirements in late June 2007, when the terms of the agreement were finalised or agreed.

The transactions under Agreements (1) to (8), Arrangement (10) and Agreements (11) to (15) were subject to the reporting, announcement, independent shareholders' approval and circular requirements under Rules 14A.45 to 14A.49. The transactions under Agreement (9) were subject to the reporting and announcement requirements under Rules 14A.46 and 14A.47.

The Listing Division alleged, among other things, that the Company failed to comply with the announcement and independent shareholders' approval requirements under the Exchange Listing Rules:

1. the Company should have notified the Exchange and published an announcement as soon as possible as required by Rule 14A.47; however, it only notified the Exchange and submitted the first draft of an announcement in respect of:

    a. Agreements (1) to (8) of Case A on 25 January 2006 (a delay of up to one year and three months); and

    b. Agreement (9), Arrangement (10) and Agreements (11) to (14) of Case B on 24 January 2007 (delays of between 23 days and one month and 23 days).

2. the transactions under Agreements (1) to (8), Arrangement (10) and Agreements (11) to (15) were not made conditional on independent shareholders' approval as required by Rule 14A.52. The Company only obtained independent shareholders' approval, ratification and confirmation, as the case may be, of the transactions at the EGM on the following dates:

    a. Agreements (1) to (8) on 25 May 2006 (a delay of up to one year and seven months);

b. Arrangement (10) and Agreements (11) to (14) on 25 April 2007 (delays of up to four months and 24 days); and

c. Agreement (15) on 23 November 2007 (a delay of more than two months).

Further, the Listing Division alleged that each of the Relevant Directors breached the Director's Undertaking for: (a) causing or failing to prevent the multiple substantive breaches committed by the Company; and (b) failing to establish and maintain any or an adequate and effective internal control system within the Company by which Exchange Listing Rule compliance could be procured.

Decision

The Listing Committee concluded, among other things, that:

1. the Company breached:

   - Rule 14A.47 in respect of Cases A and B; and
   - Rule 14A.52 in respect of Case A, Arrangement (10) and Agreements (11) to (14) under Case B and Case C.

2. each of the Relevant Directors breached the Director's Undertaking for failing to use best endeavours to cause the Company to comply with the Exchange Listing Rules in relation to Cases A, B and C.

The Listing Committee decided to impose a public statement which involves criticism on the Company and each of the Relevant Directors for their respective breaches.

Further, the Listing Committee made the following directions:

1. the Company to retain an independent professional adviser satisfactory to the Division ("the Adviser") to conduct a thorough review of and make recommendations to improve the Company's internal controls for Exchange Listing Rule compliance regarding notifiable and connected transactions, and to provide the Division with the Adviser's written report containing such recommendations within three months of 28 September 2009;

2. the Company to furnish the Division with the Adviser's written report confirming the Company's full implementation of the Adviser's recommendations within a further period of three months;

3. the Company to retain the Adviser on an ongoing basis for consultation on Exchange Listing Rule compliance for a period of two years, and to publish an announcement containing details of the appointment of the Adviser, including but not limited to the name, scope and term of appointment of the Adviser, within one month from 28 September 2009. The Adviser shall be accountable to the Audit Committee of the Company; and

4. each of the Relevant Directors, as a pre-requisite of any future appointment as a director of any company listed on the Exchange, to undergo training on compliance and corporate governance matters for a duration of 24 hours to be given by a recognized professional organisation satisfactory to the Division to be completed before the effective date of any such appointment. Each of the Relevant Directors should provide the Division with the training provider's written certification of full compliance with this training requirement upon the Division's request.

For the avoidance of doubt, the Exchange confirms that this public statement which involves criticism applies only to the Company and the Relevant Directors and not to any other past or present members of the Board of Directors of the Company.