

OTHER INFORMATION

Directors' Interests

As at 30 June 2005, the interests and short positions of the Directors or chief executive in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:-

- (i) *Long position in the shares of the Company*
ordinary shares of HK\$0.10 each of the Company

Name of Directors	Capacity	Number of shares held	Percentage of the issued share capital
Shen Zhuying	Beneficial Owner	2,500,000	0.050%
Yeh Meou Tsen, Geoffrey	Beneficial Owner	2,110,000	0.042%
Fong Yun Wah	Interest of controlled corporations (<i>Note</i>)	50,000	0.001%

Note: These shares are beneficially owned by certain corporations in which Dr. Fong Yun Wah is taken to be interested.

- (ii) *Long position in the underlying shares of the Company*
bonus warrants of the Company (to be expired in May 2006)

Name of Directors	Capacity	Number of underlying shares held	Percentage of the issued share capital
Shen Zhuying	Beneficial Owner	500,000	0.010%
Yeh Meou Tsen, Geoffrey	Beneficial Owner	1,240,000	0.025%

Save as disclosed above, as at 30 June 2005, none of the Directors and chief executive and/or any of their respective associates had any interests or short positions in shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO).

OTHER INFORMATION *(continued)*

Share Option Scheme

On 3 June 2002, a new share option scheme (the "New Scheme") was adopted by the Company to replace the share option scheme which was approved by the shareholders of the Company on 21 October 1992 (the "Old Scheme"). The Old Scheme was terminated on 20 October 2002. There were no options outstanding under the Old Scheme as at 1 January 2002 and 31 December 2002.

The Company operates the New Scheme for the purpose of attracting and retaining the best quality personnel for the development of the Group's businesses; providing additional incentives to employees, officers and executive directors of the Group; and promoting the long term financial success of the Group by aligning the interests of option holders to shareholders.

Eligible participants of the New Scheme include the Company's executive directors and employees of the Group. The New Scheme became effective on 3 June 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

At 30 June 2005, no share options were outstanding under the New Scheme and none of the Company's directors and none of the Group's employees were granted share options during the period.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the heading "Directors' Interests" and "Share Option Scheme" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

OTHER INFORMATION *(continued)***Substantial Shareholders' Interests**

As at 30 June 2005, the following shareholders (other than the Directors or chief executive of the Company whose interests and short positions in the shares and underlying shares of the Company as disclosed above) had interests, directly or indirectly, and short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO:

- (i) *Long position in the shares of the Company*
ordinary shares of HK\$0.10 each of the Company

Name of shareholders	Capacity	Number of shares held	Percentage of the issued share capital
China Travel Service Head Office of the PRC ("CTS-PRC")	Interest of controlled corporation (<i>Note 1</i>)	2,596,693,940	51.82%
CTS Holdings	Interest of controlled corporation and beneficial owner (<i>Notes 1,3</i>)	2,596,693,940	51.82%
Foden International Limited ("FIL")	Beneficial owner (<i>Note 2</i>)	17,250,000	0.34%

- (ii) *Long position in the underlying shares of the Company*
bonus warrants of the Company (to be expired in May 2006)

Name of shareholders	Capacity	Number of underlying shares held	Percentage of the issued share capital
CTS-PRC	Interest of controlled corporation (<i>Note 1</i>)	396,938,788	7.92%
CTS Holdings	Interest of controlled corporation and beneficial owner (<i>Notes 1,4</i>)	396,938,788	7.92%
FIL	Beneficial owner (<i>Note 2</i>)	3,450,000	0.07%

OTHER INFORMATION *(continued)*

Substantial Shareholders' Interests *(continued)*

Notes:

1. The entire issued share capital of CTS Holdings is beneficially owned by CTS-PRC. CTS Holdings is the direct holding company of the Company. Accordingly, the interests of CTS-PRC in the Company duplicate the interests of CTS Holdings.
2. These shares and underlying shares are held by FIL which is a wholly-owned subsidiary of CTS Holdings.
3. 2,579,443,940 shares were held by CTS Holdings directly.
4. Bonus warrants with 393,488,788 underlying shares were held by CTS Holdings directly.

Save as aforesaid and disclosed under the heading "Directors' Interests" above, as at 30 June 2005, the Directors are not aware of any other person who had interest, directly or indirectly, or short position in the shares, underlying shares or debentures of the Company are recorded in the register required to be kept by the Company under section 336 of the SFO.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

OTHER INFORMATION *(continued)*

Corporate Governance

The Company has complied with all the code provisions set out in Appendix 14 Code on Corporate Governance Practices of the Listing Rules ("Code") throughout the accounting period for the six months ended 30 June 2005 except for the following deviations:

- With respect to Code Provision A.4.1, the Independent Non-executive Directors do not have a specific term of appointment. According to Code Provision A.4.2, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Pursuant to the Company's articles of association (the "Articles"), at each annual general meeting one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the whole number nearest one-third) shall retire from office. Accordingly, all Directors shall be subject to retirement by rotation and re-election at annual general meetings under the Articles and the Board considers that it is not necessary to appoint the Independent Non-Executive Directors for a specific term as the Articles require all the Directors to retire at least once every three years.

- With respect to Code Provision E.1.1, all Directors retired at the Annual General Meeting held on 25 May 2005 were appointed by one resolution. The directors of the Company will be proposed to be re-elected subject to retirement by rotation by passing a separate resolution at the Annual General Meeting to be held in 2006.

Model Code For Securities Transactions By Directors

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors who confirmed compliance with the required standard set out in the Model Code during the period under review.

Audit Committee

The Audit Committee comprises the three Independent Non-Executive Directors of the Company, namely, Mr. Wong Man Kong, Peter, Mr. Yeh V Nee (Alternate Director to Dr. Yeh Meou Tsen, Geoffrey) and Mr Sze, Robert Tsai To. It is chaired by Mr. Wong Man Kong, Peter.

The Company's Audit Committee was established in 1999 for the purposes of assisting the Board in monitoring, amongst others, the financial reporting matters, internal controls, internal audit and external audit of the Group.

OTHER INFORMATION *(continued)*

Audit Committee *(continued)*

The terms of reference of Audit Committee have been revised and approved by the Board on 11 April 2005 in order to comply with the Code Provisions stipulated in Appendix 14 of the Listing Rules.

Interim Dividend

The Board has resolved to declare an interim dividend of HK3 cents (2004: HK5 cents) per share for the period ended 30 June 2005. The interim dividend will be paid to the shareholders whose names appear on the Register of Members of the Company at the close of business on Friday, 14 October 2005. The interim dividend will be paid on or around Friday, 28 October 2005.

Closure of Register of Members

The Register of Members of the Company will be closed from Wednesday, 12 October 2005 to Friday, 14 October 2005 (both days inclusive), for the purpose of determining entitlements to the interim dividend. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tengis Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 10 October 2005.

Warrantheolders who wish to convert their warrants into shares in order to qualify for the interim dividend must lodge the duly completed subscription form together with the relevant warrant certificates accompanied by the subscription monies with the Company's Registrar not later than 4:30 p.m. on Monday, 10 October 2005.

Review of Accounts

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2005 have been reviewed by the Audit Committee of the Company and the auditors, Ernst & Young.

By order of the Board

Shen Zhuying

Vice Chairman and General Manager

Hong Kong, 21 September 2005