

OTHER INFORMATION

Directors' Interests

As at 30 June 2006, 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:–

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 (%)
Yeh Meou Tsen, Geoffrey	Beneficial Owner	5,566,000	0.097729%
Fong Yun Wah	Interest of controlled corporations (<i>Note</i>)	50,000	0.000878%

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

Save as disclosed above, as at 30 June 2006, none of the directors and chief executive and/or any of their respective associates had any 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. As at 30 June 2006, there were no options outstanding under the Old Scheme.

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 Company 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 2006, 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 six months ended 30 June 2006.

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 period 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 2006, 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 are 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:

*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>)	2,993,632,728	52.56%
CTS Holdings	Interest of controlled corporation and beneficial owner (<i>Notes 1,3</i>)	2,993,632,728	52.56%
Foden International Limited ("FIL")	Beneficial owner (<i>Note 2</i>)	20,700,000	0.36%

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. 2,972,932,728 shares were held by CTS Holdings directly.

Save as aforesaid and disclosed under the heading "Directors' Interests" above, as at 30 June 2006, 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.

OTHER INFORMATION *(continued)*

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.

CORPORATE GOVERNANCE

In the corporate governance report (the "CG Report") which was published in our Annual Report 2005 dated 28 March 2006, it was reported that the Company had complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules (the "CG Code") save for few deviations specified and explained therein. Since the beginning of 2006, the Group has made the following changes in respect of such deviations:

1. For Code Provision A.1.1, the Board has already met three times at approximately quarterly intervals as at the date of this interim report. The fourth Board meeting is expected to be held in the next quarter.
2. For Code Provision A.4.1 and A.4.2, a special resolution in respect of the amendment to the Articles of Association of the Company has been passed at the Company's annual general meeting held on 12 May 2006 to the effect that at each annual general meeting of the Company, one-third of the directors of the Company shall retire from office by rotation at least once every three years.
3. For Code Provision E.1.1, each director of the Company who was subject to retirement by rotation was re-elected by a separate resolution at the annual general meeting of the Company held on 12 May 2006.

The non-executive directors of the Company have not been appointed for any specific terms, which constitutes a deviation from Code Provision A.4.1. However, they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Memorandum and Articles of Association of the Company.

Save as disclosed above, the Company met the code provisions set out in the CG Code during the six months ended 30 June 2006.

BOARD COMMITTEES

The Board has established two Board committees, namely, the Audit Committee and Remuneration Committee. Both committees comprise 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. The Audit and Remuneration Committees are chaired by Mr. Wong Man Kong, Peter. The Board has delegated certain responsibilities to Board committees, which operate within defined terms of reference.

Audit Committee

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

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

Remuneration Committee

The Company's Remuneration Committee was established in April 2005. The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the directors and the senior management of the Group.

The terms of reference of Remuneration Committee has been approved by the Board on 11 April 2005 in order to comply with the code provisions stipulated in Appendix 14 to the Listing Rules.

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 six months ended 30 June 2006.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK2 cents (2005: HK3 cents) per share for the six months ended 30 June 2006. 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, 6 October 2006. The interim dividend will be paid on or around Friday, 20 October 2006.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 4 October 2006 to Friday, 6 October 2006 (both days inclusive), for the purposes 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 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 3 October 2006.

REVIEW OF ACCOUNTS

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2006 have been reviewed by the audit committee of the Company and the auditors, Ernst & Young.

By order of the Board

Xiong Weiping

Vice Chairman and General Manager

Hong Kong, 5 September 2006