



The Cross-Harbour (Holdings) Limited

(Stock Code : 32)



2007
Interim Report

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BOARD OF DIRECTORS

Executive Director

- † Cheung Chung Kiu (*Chairman*)
Yeung Hin Chung, John, OBE, JP
(*Managing Director*)
- Yuen Wing Shing
- Wong Chi Keung
- Leung Wai Fai
- Tung Wai Lan, Iris

Non-executive Director

- * Lee Ka Sze, Carmelo

Independent Non-executive Director

- †* Wong Yat Fai
- †* Ng Kwok Fu
- * Wong Wai Kwong, David
(*resigned on 26 July 2007*)
- * Luk Yu King, James
(*appointed on 10 September 2007*)

† Remuneration committee member

* Audit committee member

SECRETARY

Leung Shuk Mun, Phyllis Sylvia

REGISTERED OFFICE

3301-07, China Resources Building
26 Harbour Road
Wanchai
Hong Kong
Tel : (852) 2161 1888
Fax: (852) 2802 2080
Website: www.crossharbour.com.hk

REGISTRAR & TRANSFER OFFICE

Tricor Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong
Tel : (852) 2980 1333
Fax: (852) 2810 8185

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited

AUDITORS

KPMG
Certified Public Accountants

SHARE LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 32

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Expressed in Hong Kong dollars)

For the six months ended 30 June 2007 - unaudited

	Note	Six months ended 30 June	
		2007 \$'000	2006 \$'000
Turnover	2	136,548	127,477
Other revenue		2,947	5,670
Other net income		23,262	1,931
Direct costs and operating expenses		(49,295)	(55,828)
Selling and marketing expenses		(16,623)	(16,570)
Administrative and corporate expenses		(29,966)	(24,947)
Operating profit before finance costs		66,873	37,733
Finance costs	3(a)	(1,460)	(448)
Operating profit	2	65,413	37,285
Share of profits less losses of associates		45,321	52,007
Share of profit of a jointly controlled entity		9,718	8,979
Profit before taxation	3	120,452	98,271
Income tax	4	(3,172)	(3,401)
Profit for the interim period		117,280	94,870
Attributable to:			
Equity shareholders of the Company		108,037	85,405
Minority interests		9,243	9,465
Profit for the interim period		117,280	94,870
Dividends payable to equity shareholders of the Company attributable to the interim period:	5(a)		
First interim dividend declared during the interim period		21,209	—
First interim dividend declared after the interim period end		—	21,209
Second interim dividend declared after the interim period end		21,209	21,209
		42,418	42,418
Earnings per share	6		
Basic		31 cents	27 cents
Diluted		30 cents	25 cents
Profit for the period is retained by:			
The Company and its subsidiaries		52,998	24,419
Associates		45,321	52,007
Jointly controlled entity		9,718	8,979
		108,037	85,405

The notes on pages 8 to 18 form part of this interim financial statements.

CONSOLIDATED BALANCE SHEET

As at 30 June 2007 - unaudited

(Expressed in Hong Kong dollars)

	Note	30 June 2007		31 December 2006	
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Fixed assets					
- Property, plant and equipment			90,077		95,081
- Interest in leasehold land held for own use under operating leases			29,170		29,535
			<u>119,247</u>		<u>124,616</u>
Interest in associates	8		777,228		1,318,421
Interest in a jointly controlled entity			32,241		22,523
Available-for-sale securities			674,604		614,409
Deferred tax assets			140		140
			<u>1,603,460</u>		<u>2,080,109</u>
Current assets					
Trading securities		115,338		105,633	
Equity linked notes		24,261		46,598	
Inventories		924		685	
Trade and other receivables	9	30,838		23,845	
Cash and cash equivalents		1,040,601		437,001	
			<u>1,211,962</u>		<u>613,762</u>
Current liabilities					
Trade and other payables	10	59,718		72,051	
Course fees received in advance		70,150		66,494	
Taxation payable		11,299		8,674	
Dividends payable		21,305		1,493	
			<u>162,472</u>		<u>148,712</u>

CONSOLIDATED BALANCE SHEET

(Expressed in Hong Kong dollars)

As at 30 June 2007 - unaudited

	Note	30 June 2007		31 December 2006	
		\$'000	\$'000	\$'000	\$'000
Net current assets			1,049,490		465,050
Total assets less current liabilities			2,652,950		2,545,159
Non-current liability					
Deferred tax liabilities			1,350		1,350
NET ASSETS			2,651,600		2,543,809
CAPITAL AND RESERVES					
Share capital	11		353,488		353,488
Reserves	12		2,234,712		2,129,815
Total equity attributable to equity shareholders of the Company			2,588,200		2,483,303
Minority interests	12		63,400		60,506
TOTAL EQUITY			2,651,600		2,543,809

The notes on pages 8 to 18 form part of this interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007 - unaudited

(Expressed in Hong Kong dollars)

	Note	2007		2006	
		\$'000	\$'000	\$'000	\$'000
Total equity balance at 1 January			<u>2,543,809</u>		<u>2,172,829</u>
Net income recognised directly in equity:					
Cash flow hedge: effective portion of changes in fair value, net of deferred tax	12		2,540		2,788
Changes in fair value of available-for-sale securities	12		<u>58,588</u>		<u>26,427</u>
Net income for the year recognised directly in equity			<u>61,128</u>		<u>29,215</u>
Net profit for the interim period	12		<u>117,280</u>		<u>94,870</u>
Total recognised income and expense for the interim period			<u>178,408</u>		<u>124,085</u>
Attributable to:					
– Equity shareholders of the Company			168,524		114,573
– Minority interests			<u>9,884</u>		<u>9,512</u>
			<u>178,408</u>		<u>124,085</u>
Dividends declared or approved during the interim period	12		<u>(63,627)</u>		<u>(35,349)</u>
Minority interest's share of dividend	12		<u>(6,990)</u>		<u>(12,000)</u>
Movements in equity arising from capital transactions:					
Shares issued upon exercise of share option			<u>—</u>		<u>210,589</u>
Total equity at 30 June			<u><u>2,651,600</u></u>		<u><u>2,460,154</u></u>

The notes on pages 8 to 18 form part of this interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(Expressed in Hong Kong dollars)

For the six months ended 30 June 2007 - unaudited

	Six months ended 30 June	
	2007 \$'000	2006 \$'000
Cash generated from operations	10,188	22,192
Tax paid	(547)	(2,524)
Net cash from operating activities	9,641	19,668
Net cash from/(used in) investing activities	644,764	(109,748)
Net cash (used in)/from financing activities	(50,805)	143,233
Net increase in cash and cash equivalents	603,600	53,153
Cash and cash equivalents at 1 January	437,001	485,877
Cash and cash equivalents at 30 June	1,040,601	539,030
Analysis of the balances of cash and cash equivalents		
Deposits and cash at banks	1,040,601	539,030

The notes on pages 8 to 18 form part of this interim financial statements.

1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issuance on 14 September 2007.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2006 annual financial statements.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2006 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with new and revised Hong Kong Financial Reporting Standards (HKFRSs, which term collectively includes HKASs and Interpretations).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA. KPMG's review report to the Board of Directors is included on page 19.

The financial information relating to the financial year ended 31 December 2006 that is included in the interim financial report as being previously reported information does not constitute the company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2006 are available from the company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 23 March 2007.

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

2 Turnover and operating profit

The analysis of the principal activities of the operations of the Company and its subsidiaries during the financial period is as follows:

	Turnover		Operating profit	
	Six months ended 30 June		Six months ended 30 June	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<i>Principal activities</i>				
Motoring school operations	103,954	107,121	19,769	22,381
Investment and other activities	32,594	20,356	56,072	25,050
	<u>136,548</u>	<u>127,477</u>	75,841	47,431
Unallocated operating expenses			(8,968)	(9,698)
Finance costs			(1,460)	(448)
			<u>65,413</u>	<u>37,285</u>

During the interim financial period, more than 90% of the operations of the Company and its subsidiaries in terms of both turnover and operating profit were carried out in Hong Kong.

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

3 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

		Six months ended 30 June	
		2007	2006
		\$'000	\$'000
(a)	Finance Costs		
	Other borrowing costs	1,460	448
(b)	Other items		
	Amortisation of land lease premium	365	365
	Depreciation	11,649	9,880
	Cost of inventories consumed	3,681	3,426
	Contributions to defined contribution retirement schemes	2,471	2,379
	Fair value changes on derivative financial instruments	1,095	—
	Net gain on disposal of fixed assets	(141)	(1,801)
	Net gain on sale of listed investments	(6,700)	(130)
	Dividend income from listed investments	(8,765)	(8,089)
	Interest income	(20,058)	(14,178)
	Fair value changes on trading securities	(16,482)	—
	Fair value changes on equity-linked notes	(1,034)	—
		<u> </u>	<u> </u>

4 Income Tax

		Six months ended 30 June	
		2007	2006
		\$'000	\$'000
	Current tax – Hong Kong Profits Tax	3,172	4,001
	Deferred taxation	—	(600)
		<u> </u>	<u> </u>
		<u>3,172</u>	<u>3,401</u>

The provision for Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the six months ended 30 June 2007.

Share of taxation of associate for the six months ended 30 June 2007 amounted to \$10.2 million (2006: \$10.8 million) was included in share of profits less losses of associates in the consolidated profit and loss account.

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 Income Tax *(Continued)*

Share of taxation of a jointly controlled entity for the six months ended 30 June 2007 amounted to \$1.4 million (2006: \$1.3 million) was included in share of profit of a jointly controlled entity in the consolidated profit and loss account.

5 Dividends

(a) *Dividends attributable to the interim period*

	Six months ended 30 June	
	2007 \$'000	2006 \$'000
First interim dividend declared during the interim period end of 6 cents per share (2006: Nil cents per share)	21,209	—
First interim dividend declared after the interim period end of Nil cents per share (2006: 6 cents per share)	—	21,209
Second interim dividend declared after the interim period end of 6 cents per share (2006: 6 cents per share)	21,209	21,209
	<u>42,418</u>	<u>42,418</u>

The second interim dividend declared after the interim period end has not been recognised as a liability at the interim period end date.

(b) *Dividends attributable to the previous financial year, approved and paid during the interim period*

	Six months ended 30 June	
	2007 \$'000	2006 \$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of 12 cents per share (2006: 10 cents per share)	<u>42,418</u>	<u>35,349</u>

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

6 Earnings per share

(a) Basic

The calculation of basic earnings per share is based on the profit attributable to shareholders of \$108,037,000 (2006: \$85,405,000) and the weighted average of 353,488,206 ordinary shares (2006: 312,475,856 shares) in issue during the period.

(b) Diluted

The calculation of diluted earnings per share is based on the profit attributable to shareholders of \$108,037,000 (2006: \$85,775,000) and the weighted average of 365,715,545 ordinary shares (2006: 339,064,627 shares) after adjusting for the effects of all dilutive potential ordinary shares.

(c) Reconciliations

	2007 Number of shares	2006 Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	353,488,206	312,475,856
Deemed issue of ordinary shares for no consideration	12,227,339	11,607,744
Deemed issue of ordinary shares from conversion of convertible notes / loan	—	14,981,027
	<u> </u>	<u> </u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>365,715,545</u>	<u>339,064,627</u>

7 Segment reporting

Segment information is presented in respect of the Group's business segments. Business segment information is chosen as the reporting format because this is considered by management to be more relevant to the Group's internal financial reporting.

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

7 Segment reporting (Continued)

Business segments

The Group comprises the following business segments:

Motoring school operations
Tunnel operations
Electronic toll operations
Treasury

	Motoring School Operations		Tunnel Operations		Electronic Toll Operations		Treasury		Unallocated		Consolidated	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Turnover	103,954	107,121	1,471	1,463	1,800	1,800	28,828	16,598	495	495	136,548	127,477
Other revenue	—	—	2,947	5,202	—	—	—	468	—	—	2,947	5,670
Total revenue	<u>103,954</u>	<u>107,121</u>	<u>4,418</u>	<u>6,665</u>	<u>1,800</u>	<u>1,800</u>	<u>28,828</u>	<u>17,066</u>	<u>495</u>	<u>495</u>	<u>139,495</u>	<u>133,147</u>
Segment result	19,769	22,381	4,418	6,665	1,749	1,765	50,433	17,141	(528)	(521)	75,841	47,431
Unallocated operating expenses	—	—	—	—	—	—	—	—	—	—	(8,968)	(9,698)
Operating profit before finance costs	—	—	—	—	—	—	—	—	—	—	66,873	37,733
Finance costs	—	—	—	—	—	—	(1,460)	(448)	—	—	(1,460)	(448)
Operating profit	—	—	—	—	—	—	—	—	—	—	65,413	37,285
Share of profits less losses of associates	—	—	45,321	52,007	—	—	—	—	—	—	45,321	52,007
Share of profit of a jointly controlled entity	—	—	—	—	9,718	8,979	—	—	—	—	9,718	8,979
Profit before taxation	—	—	—	—	—	—	—	—	—	—	120,452	98,271
Income tax	(2,474)	(3,085)	—	—	(291)	(294)	(392)	(22)	(15)	—	(3,172)	(3,401)
Profit for the interim period	—	—	—	—	—	—	—	—	—	—	<u>117,280</u>	<u>94,870</u>
Depreciation for the interim period	9,158	7,346	—	—	—	—	—	—	2,491	2,534	11,649	9,880
Amortisation of land lease premium	365	365	—	—	—	—	—	—	—	—	365	365

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

8 Interest in associates

The decrease in interest in associates is primarily due to repayment of shareholder's loan from the associate, Western Harbour Tunnel Company Limited during the period.

9 Trade and other receivables

Included in trade and other receivables are trade receivables with an aging analysis as at the interim period end as follows:

	30 June 2007 \$'000	31 December 2006 \$'000
Amounts receivable due:		
0-30 days	1,998	1,723
31-60 days	253	201
61-90 days	136	50
Over 90 days	118	256
	<u>2,505</u>	<u>2,230</u>

Debts are normally due within one month from the date of billing, however, further credit may be granted to individual customers when appropriate.

Trade and other receivables include deposits paid amounting to \$4,363,308 (31 December 2006: \$4,188,048) which are expected to be recovered after one year. Apart from the above, all of the balances are expected to be recovered within one year.

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

10 Trade and other payables

Included in trade and other payables are trade payables with an aging analysis as at the interim period end as follows:

	30 June 2007 \$'000	31 December 2006 \$'000
Amounts payable within:		
0-30 days	2,998	1,427
31-60 days	179	268
61-90 days	119	208
Over 90 days	110	758
	<u>3,406</u>	<u>2,661</u>

All of the balances are expected to be settled within one year.

11 Share capital

	No. of shares '000	Amount \$'000
Authorised:		
Ordinary shares of \$1 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
At 1 January & 30 June 2007	<u>353,488</u>	<u>353,488</u>

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

12 Reserves

	Share premium \$'000	Capital reserve \$'000	Investment revaluation reserve \$'000	Hedging reserves \$'000	Retained profit \$'000	Total \$'000	Minority interest \$'000	Total \$'000
At 1 January 2007	1,228,127	1,984	214,784	1,618	683,302	2,129,815	60,506	2,190,321
Dividends approved in respect of the previous financial year (note 5(b))	—	—	—	—	(42,418)	(42,418)	—	(42,418)
Net profit for the interim period	—	—	—	—	108,037	108,037	9,243	117,280
Minority interest's share of dividend	—	—	—	—	—	—	(6,990)	(6,990)
Changes in fair value of available-for-sale securities	—	—	57,947	—	—	57,947	641	58,588
Cash flow hedge: effective portion of changes in fair value, net of deferred tax	—	—	—	2,540	—	2,540	—	2,540
Dividend declared in respect of the current financial year	—	—	—	—	(21,209)	(21,209)	—	(21,209)
At 30 June 2007	1,228,127	1,984	272,731	4,158	727,712	2,234,712	63,400	2,298,112

The application of the share premium account is governed by Section 48B of the Hong Kong Companies Ordinance. The capital reserve and investment revaluation reserve have been set up and will be dealt with in accordance with the accounting policies adopted for goodwill arising on subsidiaries, associates and jointly controlled entities and the revaluation of available-for-sale securities.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used by the associate in cash flow hedges pending subsequent recognition of the hedged cash flow.

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

13 Capital commitments

Capital commitments outstanding at 30 June 2007 and not provided for in the interim financial statement were as follows:

	30 June 2007 \$'000	31 December 2006 \$'000
Contracted for	<u>2,186</u>	<u>2,593</u>
Authorised but not contracted for	<u>—</u>	<u>—</u>

14 Material related party transactions

During the period, the Group was involved in the following material related party transactions, none of which is regarded as a "connected transaction" as defined under the Listing Rules.

- (a) The Group extended a loan to and received interest from an associate, Western Harbour Tunnel Company Limited ("WHTCL"). The balance of the loan and interest receivable at 30 June 2007 was \$411.8 million (31 December 2006: \$1,000.8 million).

The Group received interest income and management fee income from WHTCL of \$2.9 million (2006: \$5.2 million) and \$1.3 million (2006: \$1.3 million) respectively.

- (b) The Group received consultancy fees from a jointly controlled entity of \$1.8 million (2006: \$1.8 million).

15 Contingent liabilities

At 30 June 2007, the Group had the following contingent liabilities:

(a) *In respect of the Company*

The Company has given two letters of undertaking in relation to the bank facilities of the Group to two banks for general facilities totalling \$150 million (31 December 2006: \$150 million) granted to the Company. The banking facilities granted are also secured by a negative pledge of certain listed investments held by the Group. At 30 June 2007, these facilities were not utilised by the Company.

15 Contingent liabilities (Continued)

(b) *In respect of The Hong Kong School of Motoring Limited ("HKSM")*

There is an arrangement between HKSM and its banker whereby the bank provides guarantees in favour of third parties. Under this arrangement, HKSM has a charge over a time deposit with that bank amounting to not less than \$2.5 million (31 December 2006: \$2.5 million).

(c) *In respect of Hong Kong Transport, Logistics and Management Company Limited ("HKTLMCL")*

The Group has given a guarantee to the extent of \$28.5 million (31 December 2006: \$28.5 million) to a bank in return for it providing a guarantee in favour of the Government of the HKSAR on behalf of HKTLMCL to secure the performance of an agreement in relation to the operation and management of the Cross-Harbour Tunnel and the operation and maintenance of the tunnel equipment by HKTLMCL.

(d) *In respect of Western Harbour Tunnel Company Limited ("WHTCL")*

A joint and several guarantee given by the Company and the other shareholders of WHTCL, namely, High Fortune Group Limited (as well as by its ultimate shareholder, China Merchants Holdings (International) Company, Limited) and Adwood Company Limited (as well as by its ultimate shareholders, CITIC Pacific Limited and Kerry Properties Limited) to the Government of the HKSAR to advance to WHTCL by way of share capital injection and/or subordinated debt an amount equal to any excess of the total costs over the budgeted cost of \$7,534 million, incurred by WHTCL in connection with the construction, financing, administration and maintenance of the Western Harbour Tunnel ("WHT") up to the date WHT opened for use by the public (the "operating date") and with the replacement or repair of any of the works after the operating date but prior to the issuance of the maintenance certificate in relation to WHT. The maintenance certificate had not been issued at 30 June 2007.

16 Post balance sheet event

On 14 September 2007, the Directors declared a second interim dividend. Further details are set out in note 5(a) "Dividends".

REVIEW REPORT TO THE BOARD OF DIRECTORS THE CROSS-HARBOUR (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 3 to 18 which comprises the consolidated balance sheet of The Cross-Harbour (Holdings) Limited as of 30 June 2007 and the related consolidated statements of income, and changes in equity and condensed consolidated statement of cash flows for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2007 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim financial reporting".

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Hong Kong, 14 September 2007

The board of directors of The Cross-Harbour (Holdings) Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2007. The interim results have been reviewed by the audit committee and KPMG. KPMG's review report is set out on page 19.

The Group's unaudited profit attributable to shareholders for the first half of 2007 amounted to HK\$108.0 million, a 26.5% increase compared with HK\$85.4 million for the first half of 2006. Basic earnings per share were HK\$0.31.

DIVIDENDS

A first quarterly interim dividend of HK\$0.06 per share, absorbing a total amount of HK\$21.2 million, was paid on 27 July 2007. Your directors have today declared a second quarterly interim dividend of HK\$0.06 per share payable on 12 October 2007 to shareholders registered on 5 October 2007. The member register and transfer books of the Company will be closed from 3 October 2007 to 5 October 2007, both days inclusive, during which period no transfer of shares shall be effected.

In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited, for registration by 4:30 p.m., Tuesday, 2 October 2007.

BUSINESS REVIEW AND PROSPECTS

During the first half year, the liquidity boom has dominated the global financial market. Boosted by the Central Government's series of Qualified Domestic Institutional Investors (QDII) scheme extension measures and the benefit of massive liquidity diversion, our local economy continued to show promise and the Hang Seng Index repeatedly scaled new heights to usher in the tenth anniversary of the sovereignty transfer. Stepping into the second half of 2007, amid growing concerns on bubbling of the Mainland stock market, the global stock market suffered seismic shock triggered by the US's sub-prime crisis which turned liquidity flood into credit crunch. The current Asian economic situation, however, is much more solid than during the Asian financial turmoil and we remain cautiously optimistic that Hong Kong should continue to benefit from the bustling economy of the Mainland.

The Autopass Company Limited ("Autopass") – 70% owned

Autotoll Limited ("Autotoll") – effectively 35% owned

The main asset of Autopass is its 50% stake in Autotoll, which provides electronic toll clearing facilities in Hong Kong covering ten different toll roads and tunnels. There are forty-eight auto-toll lanes in operation at present. The total number of tags in circulation as at 30 June 2007 was about 220,000. The overall usage of auto-toll facilities in all ten toll roads and tunnels maintained at about 50%, with the highest usage at the Western Harbour Tunnel at around 60%. The daily transactions handled by Autotoll were about 330,000 with toll amount of approximately HK\$6.4 million. The number of subscribers for the Global Positioning System at the end of June was about 2,200.

BUSINESS REVIEW AND PROSPECTS *(Continued)****The Hong Kong School of Motoring Limited ("HKSM") – 70% owned***

The operation of the new driving school at Apleichau (the replacement for Wong Chuk Hang Centre) had commenced in early January. As an aggregate result of shrinking market size both for motor cars and motor cycles, the comparatively inconvenient location and unsatisfactory configuration of this replacement site, HKSM recorded a decrease in the demand for driving lessons for the period under review as compared with the previous corresponding period. However, through continuing efforts by the management in brand rejuvenation and product innovation, a general increase in the spending per customer was achieved.

Western Harbour Tunnel Company Limited ("WHTCL") – 37% owned

Spurred by the flourishing outlook of the economy and continued growth in consumption, the Western Harbour Tunnel recorded a significant increase of 10% in its daily throughput. The average daily vehicle journeys for the first half-year under review was about 46,900. In February, WHTCL completed a second re-financing of its outstanding loan by a new syndicated loan facility of HK\$3.5 billion at a lower interest cost for a longer loan tenor (the last date of loan repayment was deferred from February 2011 to February 2014). Apart from repayment of the outstanding amount under the old facility, a sum of HK\$1.6 billion was drawn for partial repayment of shareholders' loan.

Hong Kong Transport, Logistics and Management Company Limited ("HKTLMCL") – 37% owned

HKTLMCL has managed the busiest Cross-Harbour Tunnel at Hungghom ("CHT") under a Management, Operation and Maintenance ("MOM") Contract with the Government for a period of twenty-six months since 1 September 2006, with an option for the Government to extend for further periods of up to twenty-four months upon expiry.

COMMENTARY ON INTERIM RESULTS**(I) Review of 2007 Interim Results**

The Group's unaudited profit attributable to shareholders for the six months ended 30 June 2007 amounted to HK\$108.0 million, an increase of 26.5% compared with HK\$85.4 million for the last corresponding period. Earnings per share were HK\$0.31, an increase of 14.8% compared with HK\$0.27 for the last corresponding period. The improvement in 2007 interim results was primarily attributable to an increase in contribution from the treasury segment.

The Group's turnover for the period under review was HK\$136.5 million, an increase of HK\$9.0 million or 7.1% as compared to the HK\$127.5 million recorded in the same period last year.

COMMENTARY ON INTERIM RESULTS *(Continued)*

(I) Review of 2007 Interim Results *(Continued)*

HKSM recorded a decrease in turnover of 2.9% to HK\$104.0 million as a result of decrease in tuition fees income due to reduction in demand for driving lessons despite an increase in the lesson income unit rate as compared with the last corresponding period. Operating profit decreased by HK\$2.6 million or 11.7% as compared to the HK\$22.4 million recorded in the same period last year.

The Group's share of net profits less losses of associates, primarily contributed by the operations of the Western Harbour Tunnel, has decreased by 12.9% to HK\$45.3 million from HK\$52.0 million in the last corresponding period, despite an increase in toll revenue resulting from improved throughput and market share as compared to the last corresponding period. The reduction in profit contribution from WHTCL was the aggregate result of increase in depreciation and financial charges after second refinancing. The Group's share of taxation of associates was primarily the utilization of deferred tax assets by WHTCL. With effect from 1 January 2003, in order to comply with HKAS 12 "Income taxes", WHTCL has recognized deferred tax assets in respect of the future benefit of tax losses, as the management of WHTCL considers it probable that future taxable profits will be available against which the tax losses can be utilized. As a result, WHTCL recorded a taxation charge for the period under review.

HKTMCL, an associate undertaking the management contract for the Hunghom Cross-Harbour Tunnel, maintained stable income for the period.

The Group's share of net profit from a jointly controlled entity, Autotoll Limited, which operates an electronic toll collection system, was HK\$9.7 million for the first half year under review against the HK\$9.0 million recorded in the last corresponding period, representing an increase of HK\$0.7 million or 8.2%.

(II) Investments

As at 30 June 2007, the Group maintained a portfolio of investments, composed of listed securities, equity-linked notes and derivative financial instruments, with an aggregate market value of HK\$817.5 million. Equity-linked notes and certain trading securities were pledged to the financial institution to secure margin and securities facilities granted to the Group in respect of securities and derivatives transactions. Dividend income received therefrom in the first six months amounted to HK\$8.8 million.

COMMENTARY ON INTERIM RESULTS *(Continued)*

(III) Liquidity and Financial Resources

As at 30 June 2007, the Group had bank balances and deposits in the amount of HK\$1,040.6 million. The substantial increase in cash balance during the period under review was primarily due to the partial repayment of shareholders' loan from WHITCL. Banking facilities available are sufficient to meet the foreseeable funding needs for working capital and capital expenditure. These facilities had not been utilized by the Group during the period under review.

Except for the Group's investment in trading securities denominated in foreign currencies other than the United States dollars, the Group's major sources of income, major assets and borrowings are denominated in Hong Kong dollars. The Group did not have long-term debts outstanding as at 30 June 2007 and 31 December 2006.

(IV) Comments on Segmental Information

The principal activity of the Company is investment holding.

The principal activities of the Company's subsidiaries, associates and a jointly controlled entity are the operation of motoring schools, tunnels and an electronic toll collection system, and investment. Further information on the segmental details is provided in note 7 of the interim financial report.

(V) Employees

The Group has 606 employees. Employees are remunerated according to job nature and market trends, with a built-in merit component incorporated in the annual increment to reward and motivate individual performance. Apart from provident fund schemes and medical insurance, discretionary bonuses and employee share options are awarded to employees of the Group at the discretion of the directors, depending upon the financial performance of the Group. Total staff costs for the first six months amounted to HK\$56.9 million.

**DISCLOSURE UNDER RULES 13.20 AND 13.22
OF THE RULES GOVERNING THE LISTING OF SECURITIES ON
THE STOCK EXCHANGE OF HONG KONG LIMITED****(I) Financial Assistance**

In relation to the provision of financial assistance by the Company to WHTCL, a 37%-owned associate of the Company, as previously disclosed in the Company's annual report and financial statements for the year ended 31 December 2006, obligations in relation to the abovementioned financial assistance by the Group continued to exist as at 30 June 2007. Total advances given by the Group to WHTCL including accrued interest thereon amounted to HK\$411.8 million as at 30 June 2007.

Terms of the Financial Assistance

WHTCL, a consortium, was granted a thirty-year franchise to construct and operate the Western Harbour Tunnel ("WHT") in accordance with the Western Harbour Crossing Ordinance enacted on 22 July 1993. The construction of the WHT was completed in April 1997 at a total cost of HK\$7 billion. In addition to external loan finance, the project was partly financed by the shareholders' fund of the consortium in the form of equity and shareholders' loan in proportion to their shareholdings.

The loan to WHTCL bears interest at such rate as may be agreed from time to time among all the shareholders of WHTCL, currently being fixed at 1% per annum. The loan is repayable on demand as may from time to time be agreed among WHTCL's shareholders, subject to certain financial parameters of a syndicated loan being fulfilled. No security is provided to the Group for the loan.

(II) Guarantee

The Company entered into a guarantee ("Guarantee") on 6 July 2006 in favour of The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), given for the benefit of HKTMCL, a company which is owned as to 37% by the Company, to the extent of approximately HK\$28.5 million, which becomes effective as from 1 September 2006 (the commencement date of the new MOM Contract). The Guarantee is given to HSBC in return for it providing a guarantee in favour of the Government of the Hong Kong SAR on behalf of HKTMCL to secure the performance of an agreement in relation to the operation and management of the Cross-Harbour Tunnel at Hunghom and the operation and maintenance of the tunnel equipment by HKTMCL.

**DISCLOSURE UNDER RULES 13.20 AND 13.22
OF THE RULES GOVERNING THE LISTING OF SECURITIES ON
THE STOCK EXCHANGE OF HONG KONG LIMITED** *(Continued)*

(III) Combined Balance Sheet of Affiliated Companies

Set out below is a combined unaudited balance sheet of WHTCL and HKTIMCL as at 31 July 2007 (being the latest practicable date for determining the relevant figures):

	<i>HK\$'000</i>
Total assets	5,379,444
Other liabilities	(3,253,267)
	<u>2,126,177</u>
Share capital and reserves	1,012,391
Shareholders' loans	1,113,786
	<u>2,126,177</u>

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The register kept under section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") shows the following interest of a director in the shares of the Company as at 30 June 2007:

Name	Capacity	No. of shares	% of issued share capital
Cheung Chung Kiu	Interest of controlled corporation	148,254,432	41.94%

Note:

Mr. Cheung Chung Kiu ("Mr. Cheung") was deemed to be interested in the above shares by virtue of his indirect shareholding interest in Honway Holdings Limited ("Honway") which owned these shares. Honway was a wholly owned subsidiary of Y. T. Investment Holdings Limited ("Y. T. Investment") which was, in turn, a wholly owned subsidiary of Y. T. Realty Group Limited ("Y. T. Realty"). Yugang International (B.V.I.) Limited ("Yugang BVI"), through its wholly owned subsidiary, Funrise Limited ("Funrise"), owned 34.14% of the issued share capital of Y. T. Realty. Yugang BVI was a wholly owned subsidiary of Yugang International Limited ("Yugang"). Mr. Cheung, Timmex Investment Limited (a company wholly owned by Mr. Cheung) and Chongqing Industrial Limited ("Chongqing Industrial") owned 0.59%, 6.22% and 35.44% of the issued share capital of Yugang respectively. Chongqing Industrial was owned as to 35% by Mr. Cheung, as to 30% by Prize Winner Limited (a company owned by Mr. Cheung and his associates), as to 30% by Peking Palace Limited ("Peking Palace") and as to 5% by Miraculous Services Limited ("Miraculous Services"). Peking Palace and Miraculous Services were companies controlled by Palin Discretionary Trust, the objects of which included Mr. Cheung and his family.

Mr. Cheung's interest disclosed above represents a long position in the shares of the Company.

Save as disclosed herein, as at 30 June 2007, there was no interest recorded in the register kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Code for Securities Transactions by Directors adopted by the Company on 1 January 2005.

SHARE OPTIONS

On 29 April 2005, the Company adopted a share option scheme (the "New Scheme") and terminated the one it adopted on 8 May 2001 (the "Old Scheme"), details of which are given in the Company's circular dated 13 April 2005.

SHARE OPTIONS *(Continued)*

Pursuant to the Old Scheme, options over 19,200,000 shares had been granted to eligible participants and all such options remained exercisable throughout the period. Particulars of those outstanding options at the beginning and at the end of the period are set out in the table below.

Type of participant	No. of outstanding options at the beginning and at the end of the period	Date of grant	Vesting period	Exercise period	Exercise price per share
Directors	Nil	N/A	N/A	N/A	N/A
Other employees	19,200,000	30 August 2001	Nil	30 August 2001 to 7 May 2011	HK\$2.492

During the period, no option lapsed and no option was granted, exercised or cancelled under the Old Scheme and the New Scheme.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 30 June 2007, so far as is known to the directors of the Company, the following persons, other than the directors, had, or were deemed to have, interests in the shares of the Company as recorded in the register kept under section 336 of the SFO:

Name	Capacity	No. of shares	Total no. of shares	% of issued share capital
Palin Holdings Limited	Interest of controlled corporation	145,022,432	145,022,432 ¹	41.03%
Chongqing Industrial	Interest of controlled corporation	145,022,432	145,022,432 ¹	41.03%
Yugang	Interest of controlled corporation	145,022,432	145,022,432 ¹	41.03%
Yugang BVI	Interest of controlled corporation	145,022,432	145,022,432 ¹	41.03%
Funrise	Interest of controlled corporation	145,022,432	145,022,432 ¹	41.03%

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS *(Continued)*

Name	Capacity	No. of shares	Total no. of shares	% of issued share capital
Y. T. Realty	Interest of controlled corporation	145,022,432	145,022,432 ¹	41.03%
Y. T. Investment	Interest of controlled corporation	145,022,432	145,022,432 ¹	41.03%
Honway	Beneficial owner	145,022,432	145,022,432 ¹	41.03%
Deutsche Bank Aktiengesellschaft	Beneficial owner Investment manager Security interest	1,000 10,654,000 24,847,000	35,502,000	10.04%
PMA Capital Management Limited	Investment manager	29,030,000	29,030,000	8.21%
Sheldon Fenton Kasowitz ²	Interest of controlled corporation	17,705,000	17,705,000	5.01%
David Nathan Kowitz ²	Interest of controlled corporation	17,705,000	17,705,000	5.01%
Indus Capital Partners, LLC ²	Investment manager	17,705,000	17,705,000	5.01%

Notes:

¹ Each parcel of 145,022,432 shares represents the same shareholding interest of Honway and is duplicated in Mr. Cheung's interest as set out on page 26. Each of Palin Holdings Limited, Chongqing Industrial, Yugang, Yugang BVI, Funrise, Y. T. Realty and Y. T. Investment was deemed to be interested in those shares by virtue of its direct/indirect shareholding interest in Honway.

² Messrs. Sheldon Fenton Kasowitz and David Nathan Kowitz owned 35.3% each of Indus Capital Partners, LLC.

All the interests disclosed above represent long positions in the shares of the Company.

Save as disclosed herein, there was no person known to the directors of the Company, who, as at 30 June 2007, had, or was deemed to have, any interest or short position in the shares and underlying shares of the Company as recorded in the register kept under section 336 of the SFO, other than as disclosed on page 26.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company endorses good corporate governance practices. Throughout the accounting period covered by the interim report, the Company has met the code provisions of the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 to Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

RULES 3.10 AND 3.21 OF THE LISTING RULES

Subsequent to the period end, Mr. Wong Wai Kwong, David ("Mr. Wong") resigned as an independent non-executive director and audit committee member of the Company with effect from 26 July 2007 following which, the number and qualifications of independent non-executive directors of the Company failed to meet the requirements under rule 3.10 of the Listing Rules, and the composition of the audit committee of the Company failed to meet the requirement under rule 3.21 of the Listing Rules. With his resignation, Mr. Wong also ceased to be the chairman of the audit committee of the Company.

In order to address the above non-compliance, the board, on 10 September 2007, appointed Mr. Luk Yu King, James as an independent non-executive director and a member and the chairman of the audit committee of the Company to take effect 10 September 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted codes of conduct regarding securities transactions by directors and by relevant employees (within the meaning of the CG Code) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules.

All directors have confirmed, following specific enquiries by the Company, that throughout the period they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares in the Company.

REVIEW BY AUDIT COMMITTEE

The interim report has been reviewed by the audit committee and KPMG. With management, the audit committee has reviewed the accounting principles and practices adopted by the Company and its subsidiaries and discussed internal control and financial reporting matters, including the review of the unaudited interim financial statements.

On behalf of the board

Yeung Hin Chung, John
Managing Director

Hong Kong, 14 September 2007