



The Cross-Harbour (Holdings) Limited

(Stock Code : 32)



Interim Report

2009



CONTENTS

Corporate Information	2
Consolidated Income Statement	3
Consolidated Statement of Comprehensive Income	4
Consolidated Balance Sheet	5
Consolidated Statement of Changes in Equity	7
Condensed Consolidated Cash Flow Statement	9
Notes to the Unaudited Interim Financial Report	10
Review Report to the Board of Directors	25
Management Discussion and Analysis	26
Continuing Disclosure	30
Disclosure of Interests	32
Other Information	35

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

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

Non-executive Director

Lee Ka Sze, Carmelo
Wong Yat Fai

Independent Non-executive Director

Ng Kwok Fu
Luk Yu King, James
Leung Yu Ming, Steven

AUDIT COMMITTEE

Luk Yu King, James (*Chairman*)
Lee Ka Sze, Carmelo
Ng Kwok Fu
Leung Yu Ming, Steven

REMUNERATION COMMITTEE

Cheung Chung Kiu (*Chairman*)
Ng Kwok Fu
Leung Yu Ming, Steven

AUTHORISED REPRESENTATIVE

Yeung Hin Chung, John
Leung Wai Fai
(*Alternate to Yeung Hin Chung, John*)
Yuen Wing Shing
Wong Chi Keung
(*Alternate to Yuen Wing Shing*)

SECRETARY

Leung Shuk Mun, Phyllis Sylvia

LEGAL ADVISER

Woo, Kwan, Lee & Lo

REGISTERED OFFICE

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26 Harbour Road
Wanchai, Hong Kong
Tel: (852) 2161 1888
Fax: (852) 2802 2080
Website: www.crossharbour.com.hk

AUDITORS

KPMG

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

SHARE LISTING

The Stock Exchange of Hong Kong Limited
(*Stock Code: 32*)

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009 - unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2009 \$'000	2008 \$'000
Turnover	4	110,791	122,778
Other revenue		2,169	2,055
Other net income	5	37,397	73,918
Direct costs and operating expenses		(48,942)	(50,238)
Selling and marketing expenses		(9,626)	(13,870)
Administrative and corporate expenses		(24,229)	(32,707)
Operating profit before finance costs		67,560	101,936
Finance costs	6(a)	(342)	(842)
Operating profit		67,218	101,094
Share of profits less losses of associates		108,568	70,847
Share of profit of a jointly controlled entity		9,501	8,791
Profit before taxation	6	185,287	180,732
Income tax	7	(2,332)	(3,290)
Profit for the period		182,955	177,442
Attributable to:			
Equity shareholders of the Company		176,323	170,233
Minority interests		6,632	7,209
Profit for the period		182,955	177,442
Earnings per share	9		
Basic		50 cents	48 cents
Diluted		48 cents	46 cents

The notes on pages 10 to 24 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 14.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009 - unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2009 \$'000	2008 \$'000
Profit for the period		182,955	177,442
Other comprehensive income for the period (after tax and reclassification adjustments):			
Available-for-sale securities:			
net movement in the fair value reserve	8(a)	16,032	(244,967)
Share of other comprehensive income of the associate:			
Cash flow hedge:			
net movement in the hedging reserve		6,266	542
		22,298	(244,425)
Total comprehensive income for the period		205,253	(66,983)
Attributable to:			
Equity shareholders of the Company		198,621	(74,192)
Minority interests		6,632	7,209
Total comprehensive income for the period		205,253	(66,983)

The notes on pages 10 to 24 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET

At 30 June 2009 - unaudited
(Expressed in Hong Kong dollars)

	Note	30 June 2009		31 December 2008	
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Fixed assets					
– Property, plant and equipment			53,815		61,876
– Interest in leasehold land held for own use under operating leases			27,712		28,077
			81,527		89,953
Interest in associates			1,920,708		1,858,885
Interest in a jointly controlled entity			43,989		34,488
Available-for-sale securities	10		69,462		121,831
Deferred tax assets			1,855		1,360
			2,117,541		2,106,517
Current assets					
Trading securities			69,025		38,694
Equity-linked notes			6,776		4,316
Inventories			780		960
Trade and other receivables	11		20,233		12,149
Cash and cash equivalents	12		528,973		476,959
			625,787		533,078
Current liabilities					
Trade and other payables	13		30,660		45,335
Course fees received in advance			66,197		56,748
Taxation payable			14,290		11,764
Dividends payable			1,736		21,279
			112,883		135,126

CONSOLIDATED BALANCE SHEET

At 30 June 2009 - unaudited
(Expressed in Hong Kong dollars)

	Note	30 June 2009		31 December 2008	
		\$'000	\$'000	\$'000	\$'000
Net current assets			512,904		397,952
Total assets less current liabilities			2,630,445		2,504,469
Non-current liabilities					
Deferred tax liabilities			300		560
NET ASSETS			2,630,145		2,503,909
CAPITAL AND RESERVES					
Share capital	14(b)		353,488		353,488
Reserves			2,217,130		2,082,136
Total equity attributable to equity shareholders of the Company			2,570,618		2,435,624
Minority interests			59,527		68,285
TOTAL EQUITY			2,630,145		2,503,909

The notes on pages 10 to 24 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009 - unaudited
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company								
Note	Share capital \$'000	Share premium \$'000	Capital reserve \$'000	Investment revaluation reserve \$'000	Hedging reserve \$'000	Retained profits \$'000	Total \$'000	Minority interests \$'000	Total Equity \$'000	
	Balance at 1 January 2008	353,488	1,228,127	1,984	336,615	(4,103)	838,915	2,755,026	68,974	2,824,000
	Changes in equity for the six months ended 30 June 2008:									
	Dividends approved in respect of the previous financial year	14(a)	—	—	—	—	(42,418)	(42,418)	—	(42,418)
	Total comprehensive income for the period		—	—	(244,967)	542	170,233	(74,192)	7,209	(66,983)
	Minority interest's share of dividend		—	—	—	—	—	—	(15,150)	(15,150)
	Dividend declared in respect of the current financial year	14(a)	—	—	—	—	(21,209)	(21,209)	—	(21,209)
	Balance at 30 June 2008 and 1 July 2008	353,488	1,228,127	1,984	91,648	(3,561)	945,521	2,617,207	61,033	2,678,240
	Changes in equity for the six months ended 31 December 2008:									
	Total comprehensive income for the period		—	—	(87,399)	(21,797)	(29,968)	(139,164)	10,522	(128,642)
	Minority interest's share of dividend		—	—	—	—	—	—	(3,270)	(3,270)
	Dividend declared in respect of the current financial year		—	—	—	—	(42,419)	(42,419)	—	(42,419)
	Balance at 31 December 2008	353,488	1,228,127	1,984	4,249	(25,358)	873,134	2,435,624	68,285	2,503,909

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009 - unaudited
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company								
Note	Share capital \$'000	Share premium \$'000	Capital reserve \$'000	Investment revaluation reserve \$'000	Hedging reserve \$'000	Retained profits \$'000	Total \$'000	Minority interests \$'000	Total Equity \$'000	
	Balance at 1 January 2009	353,488	1,228,127	1,984	4,249	(25,358)	873,134	2,435,624	68,285	2,503,909
	Changes in equity for the six months ended 30 June 2009:									
	Dividends approved in respect of the previous financial year	14(a)	—	—	—	—	(42,418)	(42,418)	—	(42,418)
	Total comprehensive income for the period		—	—	16,032	6,266	176,323	198,621	6,632	205,253
	Minority interest's share of dividend		—	—	—	—	—	(15,390)	(15,390)	(15,390)
	Dividend declared in respect of the current financial year	14(a)	—	—	—	—	(21,209)	(21,209)	—	(21,209)
	Balance at 30 June 2009	353,488	1,228,127	1,984	20,281	(19,092)	985,830	2,570,618	59,527	2,630,145

The notes on pages 10 to 24 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2009 - unaudited
 (Expressed in Hong Kong dollars)

		Six months ended 30 June	
	Note	2009 \$'000	2008 \$'000
Cash generated from operations		2,321	1,503
Tax paid		(561)	(4,049)
Net cash generated from/(used in) operating activities		1,760	(2,546)
Net cash generated from investing activities		149,157	182,116
Net cash used in financing activities		(98,903)	(79,610)
Net increase in cash and cash equivalents		52,014	99,960
Cash and cash equivalents at 1 January		476,959	1,210,379
Cash and cash equivalents at 30 June	12	528,973	1,310,339

The notes on pages 10 to 24 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

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 issue on 18 September 2009.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2009 annual financial statements. Details of these changes in accounting policies are set out in note 2.

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 2008 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 Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, HKASs and Interpretations issued by HKICPA.

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 independent review report to the Board of Directors is included on page 25.

The financial information relating to the financial year ended 31 December 2008 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 2008 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 27 March 2009.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

2 Changes in accounting policies

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 8, *Operating segments*
- HKAS 1 (revised 2007), *Presentation of financial statements*
- Improvements to HKFRSs (2008)
- Amendments to HKAS 27, *Consolidated and separate financial statements - cost of an investment in a subsidiary, jointly controlled entity or associate*
- Amendments to HKFRS 7, *Financial instruments: Disclosures - improving disclosures about financial instruments*

The amendments to HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the interim financial report. The impact of the remainder of these developments on the interim financial report is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management, and has resulted in additional reportable segments being identified and presented (see note 3). As this is the first period in which the Group has presented segment information in accordance with HKFRS 8, additional explanation has been included in the interim financial report which explains the basis of preparation of the information. Corresponding amounts have also been provided on a basis consistent with the revised segment information.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

2 Changes in accounting policies (Continued)

- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in this interim financial report and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.
- The "Improvements to HKFRSs (2008)" comprise a number of minor and non-urgent amendments to a range of HKFRSs which the HKICPA has issued as an omnibus batch of amendments. Of these, the following amendment has resulted in changes to the Group's accounting policies:
 - As a result of amendments to HKAS 28, *Investments in associates*, impairment losses recognised in respect of the associates and jointly controlled entities carried under the equity method are no longer allocated to the goodwill inherent in that carrying value. As a result, when there has been a favourable change in the estimates used to determine the recoverable amount, the impairment loss will be reversed. Previously, the Group allocated impairment losses to goodwill and, in accordance with the accounting policy for goodwill, did not consider the loss to be reversible. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any impairment losses that arise in the current or future periods and previous periods have not been restated.
- The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009, all dividends receivable from subsidiaries, associates and jointly controlled entities, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

3 Segment reporting

The Group manages its businesses by divisions, which are organized by a mixture of both business lines (products and services) and geography. On first-time adoption of HKFRS 8, *Operating Segments* and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Motoring school operations: this segment invests in a subsidiary which operates three driver training centres.
- Tunnel operations: this segment invests in associates which operates both the Western Harbour Tunnel and Tate's Cairn Tunnel franchises and manages the Hunghom Cross-Harbour Tunnel for the Government of the Hong Kong Special Administrative Region ("HKSAR").
- Electronic toll operations: this segment invests in a jointly controlled entity which operates an electronic toll collection system and provision of telematics service.
- Treasury: this segment operates investment activities and receives dividend income and interest income.
- Other: this segment mainly operates leasing of fixed assets.

(a) Segment results

In accordance with HKFRS 8, segment information disclosed in the interim financial report has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

3 Segment reporting (Continued)

(a) Segment results (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Motoring School Operations		Tunnel Operations		Electronic Toll Operations		Treasury		Other		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue from external customers	82,806	99,251	1,400	1,400	1,800	1,800	23,274	6,541	591	581	109,871	109,573
Inter-segment revenue	—	—	—	—	—	—	—	—	4,814	4,644	4,814	4,644
Interest revenue	709	1,923	—	—	17	130	194	11,152	—	—	920	13,205
Reportable segment revenue	<u>83,515</u>	<u>101,174</u>	<u>1,400</u>	<u>1,400</u>	<u>1,817</u>	<u>1,930</u>	<u>23,468</u>	<u>17,693</u>	<u>5,405</u>	<u>5,225</u>	<u>115,605</u>	<u>127,422</u>
Reportable segment profit before tax	<u>13,238</u>	<u>16,728</u>	<u>109,968</u>	<u>72,247</u>	<u>11,202</u>	<u>10,608</u>	<u>61,424</u>	<u>91,285</u>	<u>632</u>	<u>486</u>	<u>196,464</u>	<u>191,354</u>
Depreciation and amortisation	6,643	9,771	—	—	—	—	30	30	2,748	2,609	9,421	12,410
Share of profits less losses of associates	—	—	108,568	70,847	—	—	—	—	—	—	108,568	70,847
Share of profit of a jointly controlled entity	—	—	—	—	9,501	8,791	—	—	—	—	9,501	8,791
Income tax	2,055	3,021	—	—	277	283	—	(14)	—	—	2,332	3,290

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

3 Segment reporting (Continued)

(b) Reconciliations of reportable segment revenues and profit or loss

	Six months ended 30 June	
	2009 \$'000	2008 \$'000
Revenue		
Reportable segment revenue	115,605	127,422
Elimination of inter-segment revenue	(4,814)	(4,644)
	<u>110,791</u>	<u>122,778</u>
Consolidated turnover	<u>110,791</u>	<u>122,778</u>

	Six months ended 30 June	
	2009 \$'000	2008 \$'000
Profit		
Reportable segment profit derived from Group's external customers	196,464	191,354
Other revenue	2,169	2,055
Unallocated head office and corporate expenses	(13,346)	(12,677)
	<u>185,287</u>	<u>180,732</u>
Consolidated profit before taxation	<u>185,287</u>	<u>180,732</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

4 Turnover

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

	Six months ended 30 June	
	2009 \$'000	2008 \$'000
<i>Principal activities</i>		
Motoring school operations	82,806	99,251
Investment and other activities	27,985	23,527
	<u>110,791</u>	<u>122,778</u>

5 Other net income

	Six months ended 30 June	
	2009 \$'000	2008 \$'000
Net gain on sale of available-for-sale securities	18,391	106,396
Net realised and unrealised gains/(losses) on trading securities	16,442	(26,500)
Net realised and unrealised gains/(losses) on equity-linked notes	2,460	(11,618)
Net realised and unrealised gains on derivative financial instruments	—	5,564
Net gain on sale of fixed assets	104	76
	<u>37,397</u>	<u>73,918</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

6 Profit before taxation

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

	Six months ended 30 June	
	2009 \$'000	2008 \$'000
(a) Finance Costs		
Other borrowing costs	342	842
(b) Other items		
Amortisation of land lease premium	365	365
Depreciation	9,056	12,045
Cost of inventories consumed	3,074	4,228
Contributions to defined contribution retirement schemes	2,445	2,345
Dividend income from listed investments	(23,269)	(6,568)
Interest income	(920)	(13,205)
	<u> </u>	<u> </u>

7 Income tax

	Six months ended 30 June	
	2009 \$'000	2008 \$'000
Current tax – Hong Kong Profits Tax	3,087	3,994
Deferred taxation	(755)	(704)
	<u> </u>	<u> </u>
	<u>2,332</u>	<u>3,290</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the six months ended 30 June 2009.

Share of taxation of associates for the six months ended 30 June 2009 amounted to \$25.7 million (2008: \$10.0 million) was included in share of profits less losses of associates in the consolidated income statement.

Share of taxation of a jointly controlled entity for the six months ended 30 June 2009 amounting to \$2.5 million (2008: \$1.3 million) was included in share of profit of a jointly controlled entity in the consolidated income statement.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

8 Other comprehensive income

(a) Available-for-sale securities

	Six months ended 30 June	
	2009 \$'000	2008 \$'000
Changes in fair value recognised during the period	18,432	(120,555)
Reclassification adjustments for amounts transferred to profit or loss on disposal	<u>(2,400)</u>	<u>(124,412)</u>
Net movement in the fair value reserve during the period recognised in other comprehensive income	<u><u>16,032</u></u>	<u><u>(244,967)</u></u>

9 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of \$176,323,000 (2008: \$170,233,000) and the weighted average of 353,488,206 ordinary shares (2008: 353,488,206 shares) in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of \$176,323,000 (2008: \$170,233,000) and the weighted average of 364,662,980 ordinary shares (2008: 366,471,158 shares) after adjusting for the effects of all dilutive potential ordinary shares.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

9 Earnings per share (Continued)

(c) Reconciliations

	2009 Number of shares	2008 Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	353,488,206	353,488,206
Deemed issue of ordinary shares for no consideration	<u>11,174,774</u>	<u>12,982,952</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u><u>364,662,980</u></u>	<u><u>366,471,158</u></u>

10 Available-for-sale securities

	At 30 June 2009 \$'000	At 31 December 2008 \$'000
Listed in Hong Kong	<u>69,462</u>	<u>121,831</u>
Fair value of individually impaired available-for-sale equity securities	<u>—</u>	<u>10,600</u>

At 30 June 2009, certain securities held by the subsidiaries were pledged to the banks for the banking facilities granted to the Company.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

11 Trade and other receivables

Included in trade and other receivables are trade receivables (net of allowance for doubtful debts) with the following ageing analysis as of the balance sheet date:

	At 30 June 2009 \$'000	At 31 December 2008 \$'000
Current	3,126	2,469
Less than 1 month past due	314	294
1 to 3 months past due	113	188
More than 3 month but less than 12 months past due	86	57
	<hr/>	<hr/>
Trade receivables, net of allowance for doubtful debts	3,639	3,008
Other receivables	2,999	97
	<hr/>	<hr/>
Trade and other receivables	6,638	3,105
Deposits and prepayments	13,595	9,044
	<hr/>	<hr/>
	20,233	12,149
	<hr/> <hr/>	<hr/> <hr/>

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

Deposits paid amounting to \$1,078,000 (31 December 2008: \$1,011,000) are expected to be recovered after more than one year. Apart from these, all of the trade and other receivables are expected to be recovered or recognised as expense within one year.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

12 Cash and cash equivalents

	At 30 June 2009 \$'000	At 31 December 2008 \$'000
Deposits with banks and other financial institutions	177,534	261,872
Cash at bank and in hand	351,439	215,087
	<u>528,973</u>	<u>476,959</u>

At 30 June 2009, \$12,580,000 (31 December 2008: \$12,271,000) was pledged to a financial institution as security against treasury facilities granted to the Group.

13 Trade and other payables

Included in trade and other payables are trade payables with the following ageing analysis as of the balance sheet date:

	At 30 June 2009 \$'000	At 31 December 2008 \$'000
Due within 1 month or on demand	969	1,053
Due after 1 month but within 3 months	182	229
Due after 3 months but within 6 months	352	385
Trade payables	1,503	1,667
Other payables and accrued charges	29,157	43,668
	<u>30,660</u>	<u>45,335</u>

All of the balances are expected to be settled or recognised as income within one year.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

14 Capital, reserves and dividends

(a) Dividends

(i) Dividends payable to equity shareholders attributable to the interim period

	Six months ended 30 June	
	2009 \$'000	2008 \$'000
First interim dividend declared and paid during the interim period of 6 cents per share (2008: 6 cents per share)	21,209	21,209
Second interim dividend declared after the interim period of 6 cents per share (2008: 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 has not been recognised as a liability at the balance sheet date.

(ii) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2009 \$'000	2008 \$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period of 12 cents per share (2008: 12 cents per share)	42,418	42,418

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

14 Capital, reserves and dividends (Continued)

(b) 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 2009	<u>353,488</u>	<u>353,488</u>

15 Capital commitments outstanding not provided for in the interim financial report

	At 30 June 2009 \$'000	At 31 December 2008 \$'000
Contracted for	<u>19,512</u>	<u>—</u>
Authorised but not contracted for	<u>—</u>	<u>—</u>

16 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 balance of the loan and interest receivable from an associate, Western Harbour Tunnel Company Limited ("WHTCL") at 30 June 2009 was \$441.6 million (31 December 2008: \$439.4 million).

The Group received interest income and management fee income from WHTCL of \$2.2 million (2008: \$2.1 million) and \$1.3 million (2008: \$1.3 million) respectively.

- (b) The Group received consultancy fees from a jointly controlled entity of \$1.8 million (2008: \$1.8 million).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

17 Contingent liabilities

At 30 June 2009, the Group had the following contingent liabilities:

(a) *In respect of the Company*

The Company has given three (31 December 2008: one) letters of undertaking to three (31 December 2008: one) banks for general banking facilities totalling \$550 million (31 December 2008: \$50 million) granted to the Company and one of its subsidiaries. The banking facilities granted are also secured by a negative pledge of certain listed investments and its shareholding in certain subsidiaries and an associate. At 30 June 2009, these facilities were not utilised by the Company.

(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 \$0.3 million (31 December 2008: \$0.4 million).

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

At 30 June 2009, the Group has given a guarantee to the extent of \$38.5 million (31 December 2008: \$38.5 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.

18 Post balance sheet event

On 18 September 2009, the Directors declared a second interim dividend. Further details are set out in note 14(a) "Dividends".

19 Comparatives figures

As a result of the application of HKAS 1 (revised 2007), *Presentation of financial statements*, and HKFRS 8, *Operating segments*, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 2.

REVIEW REPORT TO THE BOARD OF DIRECTORS

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 24 which comprises the consolidated balance sheet of The Cross-Harbour (Holdings) Limited as of 30 June 2009 and the related consolidated income statement, statement of comprehensive income, and statement of 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 2009 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, 18 September 2009

MANAGEMENT DISCUSSION AND ANALYSIS

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 2009. The interim results have been reviewed by the audit committee and KPMG. KPMG's review report is set out on page 25.

The Group's unaudited profit attributable to shareholders for the first half of 2009 amounted to HK\$176.3 million, a 3.6% increase compared with HK\$170.2 million for the first half of 2008. Basic earnings per share were HK\$0.50.

DIVIDENDS

A first quarterly interim dividend of HK\$0.06 per share, absorbing a total amount of HK\$21.2 million, was paid on 26 June 2009. Your directors have today declared a second quarterly interim dividend of HK\$0.06 per share payable on 16 October 2009 to shareholders registered on 9 October 2009.

CLOSURE OF BOOKS

The register of members and transfer books of the Company will be closed from Wednesday, 7 October 2009 to Friday, 9 October 2009, both days inclusive, during which period no transfer of shares in the Company 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 registrar, Tricor Tengis Limited, for registration by 4:30 p.m., Tuesday, 6 October 2009.

BUSINESS REVIEW AND PROSPECTS

During the first quarter of the year, the local economy experienced its largest contraction in real GDP of 7.8% since the Asian financial turmoil. It was also the second worst record since the 1970s, demonstrating the severity of the current global economic and financial crisis. Inflation pressure will continue to ease with the continued weakness of the global economy. However, recent data suggested that the global economy has begun to stabilize and the rate of decline in economic activity is moderating, helped by unprecedented macroeconomic and financial policy support. Market sentiment of the local economy has improved in recent months on the back of rising wealth from higher stock and property prices fuelled by a flood of liquidity. However, due to its high dependence on the pace of recovery of external demand, the outlook for the Hong Kong economy throughout 2009 remains challenging despite the full year GDP has been revised to contract by 3.5% to 4.5% versus a previous forecast of 5% to 6%. Against the background of a subdued pace of economic recovery, the employment prospect still looks grim and the unemployment rate is expected to climb further to 6% by the year end.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS *(Continued)*

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 eleven different toll roads and tunnels. There are fifty-three auto-toll lanes in operation at present. The total number of tags in circulation as at 30 June 2009 was about 233,500. The overall usage of auto-toll facilities in all eleven toll roads and tunnels maintained at about 50%, with the highest usage at the Tai Lam Tunnel at around 62%. The daily transactions handled by Autotoll were about 330,000 with toll amount of approximately HK\$6.9 million. The number of subscribers for the Global Positioning System at the end of June was about 4,000.

The Hong Kong School of Motoring Limited ("HKSM") – 70% owned

HKSM recorded a significant decrease in the demand for driving lessons and also a further deteriorated demand in motorcycle training courses during the period under review as compared with the previous corresponding period, resulting from the shrinking driving training market and severe contraction in consumer spending under the threat of economic recession. The negative effect of low lesson throughput on the performance of HKSM was partially mitigated by an increase in lesson income unit rate.

Western Harbour Tunnel Company Limited ("WHTCL") – 50% owned

Due to the adverse economic conditions and a reduction in total cross harbour traffic, the daily throughput of the Western Harbour Tunnel ("WHT") for the first half year under review was about 46,000 vehicle journeys, representing a decrease of approximately 2% as compared with the last corresponding period. WHTCL's market share maintained at around 20% for the period.

Hong Kong Transport, Logistics and Management Company Limited ("HKTMCL") – 50% owned

HKTMCL, has managed the busiest Cross-Harbour Tunnel at Hungghom ("CHT") under a Management, Operation and Maintenance Contract with the Government for a period of twenty-six months commencing 1 September 2006 and extension has been granted by the Government for a further twenty-four months to 31 October 2010.

Tate's Cairn Tunnel Company Limited ("TCTCL") – 39.5% owned

The average daily throughput of the Tate's Cairn Tunnel ("TCT") during the first half-year under review has dropped to about 50,000 vehicle journeys, representing a decrease of approximately 10% as compared with the throughput in the last corresponding period. The decrease was partly due to the opening of Route 8 in March last year. After its fifth toll increase effective from 30 November 2008, TCTCL recorded an increase of about 4% in toll revenue for the period under review as compared with the previous corresponding period.

COMMENTARY ON INTERIM RESULTS

(I) Review of 2009 Interim Results

The Group's unaudited profit attributable to shareholders for the six months ended 30 June 2009 amounted to HK\$176.3 million, an increase of 3.6% compared with HK\$170.2 million for the last corresponding period. Earnings per share were HK\$0.50, an increase of 4.2% compared with HK\$0.48 for the last corresponding period. The improvement in 2009 interim results was primarily attributable to a significant increase in contribution from tunnel operations despite a substantial decrease in the gain from disposal of listed shares during the period under review as compared to the last corresponding period.

The Group's turnover for the period under review was HK\$110.8 million, a decrease of HK\$12.0 million or 9.8% as compared to the HK\$122.8 million recorded in the same period last year. The decrease was the aggregate result of a reduction in the turnover of the motoring school and a decline in interest income on bank deposits, but partially offset by an increase in dividend income from listed investments.

HKSM recorded a decrease in turnover of 16.6% to HK\$82.8 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. The decline in revenue was, however, partially offset by a decrease in operating costs.

The Group's share of profits less losses of associates has increased significantly by 53.4% to HK\$108.6 million as compared to HK\$70.8 million in the last corresponding period. The increase in profit contribution was the result of acquiring an additional 13% interest in WHTCL and a 39.5% effective interest in TCTCL in the second half year of 2008. Though WHTCL recorded a 3% decrease in toll revenue, the dampening effect of reduction in throughput on the performance of WHTCL during the period under review was however overwhelmed by a substantial saving in financing charges resulting from reduced bank loans and prevailing lower interest rates. The first time contribution from TCTCL to the Group for the period was HK\$16.5 million, after accounting for the amortisation of fair value in excess of net book value of TCTCL as at the completion date of the acquisition in 2008.

HKTMCL, an associate undertaking the management contract for the CHT, maintained stable income for the period.

The Group's share of profit from a jointly controlled entity, Autotoll Limited, which operates an electronic toll collection system, was HK\$9.5 million for the first half year under review against the HK\$8.8 million recorded in the last corresponding period, representing an increase of HK\$0.7 million or 8.0% as a result of an increase in project income.

COMMENTARY ON INTERIM RESULTS *(Continued)*

(II) Investments

As at 30 June 2009, the Group maintained a portfolio of investments, composed of listed securities and equity-linked notes, with an aggregate market value of HK\$145.3 million. The decrease in portfolio balance was primarily due to partial disposal of available-for-sale securities at cost of HK\$68.4 million with gain on disposal of HK\$18.4 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\$23.3 million.

(III) Liquidity and Financial Resources

As at 30 June 2009, the Group had bank balances and deposits in the amount of HK\$529.0 million. 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 2009 and 31 December 2008.

(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 3 of the interim financial report.

(V) Employees

The Group has 534 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\$53.1 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 50%-owned associate of the Company, as previously disclosed in the Company's annual report and financial statements for the year ended 31 December 2008, obligations in relation to the abovementioned financial assistance by the Group continued to exist as at 30 June 2009. Total advances given by the Group to WHTCL including accrued interest thereon amounted to HK\$441.6 million as at 30 June 2009.

Terms of the Financial Assistance

WHTCL, a consortium, was granted a thirty-year franchise to construct and operate the 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

On 8 August 2008, the Company entered into a new guarantee ("Guarantee") which superseded the guarantee previously signed on 6 July 2006, in favour of The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), given for the benefit of HKTLMCL, a company which is owned as to 50% by the Company as at 30 June 2009, to the extent of HK\$38.5 million, which becomes effective as from 8 August 2008, the completion date of the acquisition of an additional 13% interest in HKTLMCL. The Guarantee is given to HSBC in return for it providing a guarantee in favour of the Government of the Hong Kong Special Administrative Region on behalf of HKTLMCL 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 HKTLMCL.

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 HKTLMCL as at 31 July 2009 (being the latest practicable date for determining the relevant figures):

	<i>HK\$'000</i>
Total assets	5,045,125
Other liabilities	<u>(2,449,777)</u>
	<u>2,595,348</u>
Share capital and reserves	1,711,384
Shareholders' loans	<u>883,964</u>
	<u>2,595,348</u>

DISCLOSURE OF INTERESTS

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 2009:

Name	Capacity	No. of shares	% of issued share capital
Cheung Chung Kiu	Interest of controlled corporation	155,254,432	43.92%

Note:

The above interest of Mr. Cheung Chung Kiu ("Mr. Cheung") represents a long position. Mr. Cheung was deemed to be interested in those shares by virtue of his indirect shareholding interest in Honway Holdings Limited ("Honway") which owned the shares. Honway was a wholly owned subsidiary of Y. T. Investment Holdings Limited ("Y. T. Investment") which in turn was 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 0.57%, 9.16% and 34.33% 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.

Save as disclosed herein, as at 30 June 2009, there was no interest recorded in the register kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

DISCLOSURE OF INTERESTS

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.

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.

DISCLOSURE OF INTERESTS

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 30 June 2009, 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	% of issued share capital
Palin Holdings Limited	Interest of controlled corporation	155,254,432 ¹	43.92%
Chongqing Industrial	Interest of controlled corporation	155,254,432 ¹	43.92%
Yugang	Interest of controlled corporation	155,254,432 ¹	43.92%
Yugang BVI	Interest of controlled corporation	155,254,432 ¹	43.92%
Funrise	Interest of controlled corporation	155,254,432 ¹	43.92%
Y. T. Realty	Interest of controlled corporation	155,254,432 ¹	43.92%
Y. T. Investment	Interest of controlled corporation	155,254,432 ¹	43.92%
Honway	Beneficial owner	155,254,432 ¹	43.92%
PMA Capital Management Limited	Investment manager	20,988,000	5.94%
Sheldon Fenton Kasowitz ²	Interest of controlled corporation	17,705,000	5.01%
David Nathan Kowitz ²	Interest of controlled corporation	17,705,000	5.01%
Indus Capital Partners, LLC ²	Investment manager	17,705,000	5.01%

Notes:

- ¹ Each parcel of 155,254,432 shares represents the same shareholding interest of Honway and is duplicated in Mr. Cheung's interest as set out on page 32. 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.
- ³ All the interests disclosed above represent long positions.

Save as disclosed herein, there was no person known to the directors of the Company, who, as at 30 June 2009, 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 32.

OTHER INFORMATION

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 the Rules Governing the Listing of Securities (the "Listing Rules") as published by The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

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 they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions throughout the period.

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.



OTHER INFORMATION

CHANGE IN INFORMATION OF DIRECTORS

Mr. Lee Ka Sze, Carmelo has been appointed an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd. ("Ping An Insurance") with effect from 9 June 2009. Ping An Insurance is a public company the securities of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

Save as disclosed above, there is no other information required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

On behalf of the board

Yeung Hin Chung, John
Managing Director

Hong Kong, 18 September 2009