THE CROSS-HARBOUR (HOLDINGS) LIMITED
港通控股有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 32)

2007 Interim Results Announcement

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 independent review report will be included in the interim report.

RESULTS

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.

Consolidated profit and loss account

for the six months ended 30 June 2007 - unaudited

	Note	Six months ended 30 June **2007**	2006
		HK$'000	*HK$'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

Consolidated balance sheet

As at 30 June 2007 - unaudited

	30 June 2007		31 December 2006	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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
		119,247		124,616
Interest in associates		**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
		1,603,460		2,080,109
Current assets				
Trading securities	**115,338**		105,633	
Equity linked notes	**24,261**		46,598	
Inventories	**924**		685	
Trade and other receivables	**30,838**		23,845	
Cash and cash equivalents	**1,040,601**		437,001	
	1,211,962		613,762	
Current liabilities				
Trade and other payables	**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	
	162,472		148,712	
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		**353,488**		353,488
Reserves		**2,234,712**		2,129,815
Total equity attributable to equity shareholders of the Company		**2,588,200**		2,483,303
Minority interests		**63,400**		60,506
TOTAL EQUITY		**2,651,600**		2,543,809

Notes on the unaudited interim financial report

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.

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.

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.

2 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.

Business segments

The Group comprises the following business segments:

Motoring school operations
Tunnel operations
Electronic toll operations
Treasury

Six months ended 30 June 2007:

	Motoring School Operations *HK$'000*	Tunnel Operations *HK$'000*	Electronic Toll Operations *HK$'000*	Treasury *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Turnover	103,954	1,471	1,800	28,828	495	136,548
Other revenue	-	2,947	-	-	-	2,947
Total revenue	103,954	4,418	1,800	28,828	495	139,495
Segment result	19,769	4,418	1,749	50,433	(528)	75,841
Unallocated operating expenses						(8,968)
Operating profit before finance costs						66,873
Finance costs	-	-	-	(1,460)	-	(1,460)
Operating profit						65,413
Share of profits less losses of associates	-	45,321	-	-	-	45,321
Share of profit of a jointly controlled entity	-	-	9,718	-	-	9,718
Profit before taxation						120,452
Income tax	(2,474)	-	(291)	(392)	(15)	(3,172)
Profit for the interim period						117,280
Depreciation for the interim period	9,158	-	-	-	2,491	11,649
Amortisation of land lease premium	365	-	-	-	-	365

Six months ended 30 June 2006:

	Motoring School Operations *HK$'000*	Tunnel Operations *HK$'000*	Electronic Toll Operations *HK$'000*	Treasury *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Turnover	107,121	1,463	1,800	16,598	495	127,477
Other revenue	-	5,202	-	468	-	5,670
Total revenue	107,121	6,665	1,800	17,066	495	133,147
Segment result	22,381	6,665	1,765	17,141	(521)	47,431
Unallocated operating expenses						(9,698)
Operating profit before finance costs						37,733
Finance costs	-	-	-	(448)	-	(448)
Operating profit						37,285
Share of profits less losses of associates	-	52,007	-	-	-	52,007
Share of profit of a jointly controlled entity	-	-	8,979	-	-	8,979
Profit before taxation						98,271
Income tax	(3,085)	-	(294)	(22)	-	(3,401)
Profit for the interim period						94,870
Depreciation for the interim period	7,346	-	-	-	2,534	9,880
Amortisation of land lease premium	365	-	-	-	-	365

3 Profit before taxation

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

	Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'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)**	–

4 Income tax

	Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
Current tax - Hong Kong Profits Tax	**3,172**	4,001
Deferred taxation	**-**	(600)
	3,172	3,401

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 HK$10.2 million (2006: HK$10.8 million) was included in share of profits less losses of associates in the consolidated profit and loss account.

Share of taxation of a jointly controlled entity for the six months ended 30 June 2007 amounted to HK$1.4 million (2006: HK$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	2006
	HK$'000	*HK$'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
	42,418	42,418

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	2006
	HK$'000	*HK$'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)	**42,418**	35,349

6 Earnings per share

(a) Basic

The calculation of basic earnings per share is based on the profit attributable to shareholders of HK$108,037,000 (2006: HK$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 HK$108,037,000 (2006 : HK$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
Weighted average number of ordinary shares used in calculating diluted earnings per share	**365,715,545**	339,064,627

BUSINESS REVIEW AND PROSPECTS

***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.

***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 Hunghom ("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.

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.

HKTLMCL, 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.

(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 WHTCL. 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) 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.

(V) 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 HK$150 million (31 December 2006: HK$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.

(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 HK$2.5 million (31 December 2006: HK$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 HK$28.5 million (31 December 2006: HK$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 HK$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.

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 Listing Rules.

RULES 3.10 AND 3.21 OF THE LISTING RULES

Subsequent to the period ended, 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.

On behalf of the board
Yeung Hin Chung, John
Managing Director

Hong Kong, 14 September 2007

As at the date hereof, the board of directors of the Company comprises Cheung Chung Kiu, Yeung Hin Chung, John, Yuen Wing Shing, Wong Chi Keung, Leung Wai Fai and Tung Wai Lan, Iris who are executive directors; Lee Ka Sze, Carmelo who is non-executive director; and Luk Yu King, James, Wong Yat Fai and Ng Kwok Fu who are independent non-executive directors.