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

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

2011 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 2011. The interim results have been reviewed by the audit committee and KPMG. KPMG's review report will be included in the interim report.

GROUP RESULTS

The Group's unaudited profit attributable to shareholders for the first half of 2011 amounted to HK$165.8 million as compared to HK$165.4 million for the first half of 2010. Earnings per share were HK$0.46 against HK$0.47 for the last corresponding period as a result of new shares issued during the period under review.

DIVIDENDS

A first quarterly interim dividend of HK$0.06 per share, absorbing a total amount of HK$22.4 million, was paid on 5 July 2011. Your directors have today declared a second quarterly interim dividend of HK$0.06 per share payable on 23 September 2011 to shareholders registered on 16 September 2011.

CLOSURE OF BOOKS

The register of members and transfer books of the Company will be closed from Wednesday, 14 September 2011 to Friday, 16 September 2011, 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 Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration by 4:30 p.m., Monday, 12 September 2011.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011 - unaudited

	Note	Six months ended 30 June **2011** *HK$'000*	2010 *HK$'000*
Turnover	3	**116,903**	98,269
Other revenue		**373**	1,448
Other net income	4	**6,024**	23,451
Direct costs and operating expenses		**(53,959)**	(50,328)
Selling and marketing expenses		**(9,346)**	(9,604)
Administrative and corporate expenses		**(27,279)**	(27,208)
Profit from operations		**32,716**	36,028
Finance costs	5(a)	**(3,510)**	(4,951)
Share of profits less losses of associates		**139,220**	136,587
Share of profits of a jointly controlled entity		**9,209**	7,826
Profit before taxation	5	**177,635**	175,490
Income tax	6	**(3,593)**	(3,647)
Profit for the period		**174,042**	171,843
Attributable to:			
Equity shareholders of the Company		**165,811**	165,433
Non-controlling interests		**8,231**	6,410
Profit for the period		**174,042**	171,843
Earnings per share	8		
Basic		**46 cents**	47 cents
Diluted		**45 cents**	45 cents

Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011 - unaudited

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Profit for the period	**174,042**	171,843
Other comprehensive income for the period (after tax and reclassification adjustments):		
Available-for-sale securities: net movement in the investment revaluation reserve	**(15,308)**	(10,111)
Share of other comprehensive income of an associate and a jointly controlled entity:		
- Cash flow hedge: net movement in the hedging reserve	**6,507**	875
- Exchange differences on translation of financial statements of overseas subsidiary and jointly controlled entity	**102**	—
	(8,699)	(9,236)
Total comprehensive income for the period	**165,343**	162,607
Attributable to:		
Equity shareholders of the Company	**157,081**	156,197
Non-controlling interests	**8,262**	6,410
Total comprehensive income for the period	**165,343**	162,607

CONSOLIDATED BALANCE SHEET

As at 30 June 2011 - unaudited

	30 June 2011		31 December 2010	
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Non-current assets				
Fixed assets				
– Property, plant and equipment		**131,115**		125,947
– Interest in leasehold land held for own use		**26,253**		26,619
		157,368		152,566
Interest in associates		**1,923,093**		1,834,780
Interest in a jointly controlled entity		**51,890**		42,579
Available-for-sale securities		**507,184**		430,525
Deferred tax assets		**3,440**		3,060
		2,642,975		2,463,510
Current assets				
Trading securities	**96,867**		64,209	
Inventories	**1,080**		1,016	
Loan receivable	**—**		40,000	
Trade and other receivables	**14,767**		13,847	
Bank deposits and cash	**826,282**		944,037	
	938,996		1,063,109	
Current liabilities				
Trade and other payables	**33,771**		50,902	
Course fees received in advance	**92,666**		79,330	
Bank loans	**208,333**		208,333	
Taxation payable	**11,581**		9,920	
Dividends payable	**22,568**		2,301	
	368,919		350,786	

CONSOLIDATED BALANCE SHEET

As at 30 June 2011 - unaudited

	30 June 2011		31 December 2010	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Net current assets		**570,077**		712,323
Total assets less current liabilities		**3,213,052**		3,175,833
Non-current liabilities				
Bank loans		**52,083**		156,250
Deferred tax liabilities		**190**		200
		52,273		156,450
NET ASSETS		**3,160,779**		3,019,383
CAPITAL AND RESERVES				
Share capital		**372,688**		353,488
Reserves		**2,716,535**		2,597,891
Total equity attributable to equity shareholders of the Company		**3,089,223**		2,951,379
Non-controlling interests		**71,556**		68,004
TOTAL EQUITY		**3,160,779**		3,019,383

NOTES TO 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 issue on 26 August 2011.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 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.

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 2010 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 2010 are available from the Company’s registered office. The auditor has expressed an unqualified opinion on those financial statements in their report dated 29 March 2011.

2 Changes in accounting policies

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and one new Interpretation 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:

- HKAS 24 (revised 2009), *Related party disclosures*
- Improvements to HKFRSs (2010)

The developments related primarily to clarification of certain disclosure requirements applicable to the Group's financial statements. These developments have had no material impact on the contents of this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. 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 operate both the Western Harbour Tunnel and Tate's Cairn Tunnel franchises.
- 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 investing and financing activities and receives dividend income and interest income.
- Other: this segment mainly operates leasing of fixed assets.

(a) Segment results and assets

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:

Segment assets include all tangible, intangible assets and current and non-current assets with the exception of other corporate assets.

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.

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.

(i) Six months ended 30 June 2011

	Motoring School Operations *HK$'000*	Tunnel Operations *HK$'000*	Electronic Toll Operations *HK$'000*	Treasury *HK$'000*	Other *HK$'000*	Total *HK$'000*
Revenue from external customers	**93,375**	**1,250**	**2,400**	**3,164**	**521**	**100,710**
Inter-segment revenue	**—**	**—**	**—**	**—**	**6,034**	**6,034**
Interest revenue	**579**	**—**	**—**	**15,614**	**—**	**16,193**
Reportable segment revenue	**93,954**	**1,250**	**2,400**	**18,778**	**6,555**	**122,937**
Reportable segment profit / (loss) before tax	**20,107**	**140,470**	**11,504**	**19,344**	**(2,530)**	**188,895**
Depreciation	**4,257**	**—**	**—**	**—**	**5,178**	**9,435**
Share of profits less losses of associates	**—**	**139,220**	**—**	**—**	**—**	**139,220**
Share of profits of a jointly controlled entity	**—**	**—**	**9,209**	**—**	**—**	**9,209**
Income tax	**3,297**	**—**	**279**	**15**	**2**	**3,593**
Reportable segment assets at 30 June 2011	**305,222**	**1,923,093**	**53,037**	**1,207,674**	**92,222**	**3,581,248**

(ii) Six months ended 30 June 2010

	Motoring School Operations *HK$'000*	Tunnel Operations *HK$'000*	Electronic Toll Operations *HK$'000*	Treasury *HK$'000*	Other *HK$'000*	Total *HK$'000*
Revenue from external customers	86,869	1,400	1,800	4,365	584	95,018
Inter-segment revenue	—	—	—	—	3,307	3,307
Interest revenue	89	—	—	3,162	—	3,251
Reportable segment revenue	86,958	1,400	1,800	7,527	3,891	101,576
Reportable segment profit / (loss) before tax	15,512	137,987	9,532	26,261	(3,060)	186,232
Depreciation	5,799	—	—	—	4,402	10,201
Share of profits less losses of associates	—	136,587	—	—	—	136,587
Share of profits of a jointly controlled entity	—	—	7,826	—	—	7,826
Income tax	3,396	—	281	(30)	—	3,647
Reportable segment assets at 31 December 2010	280,341	1,834,780	58,271	1,260,763	97,349	3,531,504

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

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**122,937**	101,576
Elimination of inter-segment revenue	**(6,034)**	(3,307)
Consolidated turnover	**116,903**	98,269

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Profit		
Reportable segment profit derived from Group's external customers	**188,895**	186,232
Other revenue	**373**	1,448
Unallocated head office and corporate expenses	**(11,633)**	(12,190)
Consolidated profit before taxation	**177,635**	175,490

	At 30 June	At 31 December
	2011	2010
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**3,581,248**	3,531,504
Elimination of inter-segment receivables	**—**	(5,600)
Unallocated head office and corporate assets	**723**	715
Consolidated total assets	**3,581,971**	3,526,619

4 Other net income

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Net realised and unrealised gains on trading securities	**5,921**	10,968
Net gains on sale of fixed assets	**103**	12,483
	6,024	23,451

5 Profit before taxation

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

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
(a) Finance costs		
Interest on bank borrowings	**3,127**	4,546
Other borrowing costs	**383**	405
	3,510	4,951
(b) Other items		
Depreciation	**9,435**	10,201
Cost of inventories consumed	**4,227**	3,564
Contributions to defined contribution retirement schemes	**2,277**	2,372
Dividend income from listed investments	**(3,150)**	(4,334)
Interest income	**(16,193)**	(3,251)

6 Income tax

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax	**3,983**	4,437
Deferred taxation	**(390)**	(790)
	3,593	3,647
	======	======

The provision for Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the six months ended 30 June 2011.

Share of taxation of associates for the six months ended 30 June 2011 amounted to HK$56.8 million (2010: HK$31.0 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 2011 amounted to HK$2.1 million (2010: HK$1.8 million) was included in share of profits of a jointly controlled entity in the consolidated income statement.

7 Dividends

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

	Six months ended 30 June	
	2011	2010
	$'000	*$'000*
First interim dividend declared during the interim period of 6 cents per share (2010: 6 cents per share)	**22,361**	21,209
Second interim dividend declared after the interim period of 6 cents per share (2010: 6 cents per share)	**22,361**	21,209
	44,722	42,418
	======	======

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

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

	Six months ended 30 June	
	2011	2010
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the interim period of 12 cents per share (2010: 12 cents per share)	**44,722**	42,418
	======	======

8 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 Company of HK$165,811,000 (2010: HK$165,433,000) and the weighted average of 359,501,393 ordinary shares (2010: 353,488,206 ordinary 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 Company of HK$165,811,000 (2010: HK$165,433,000) and the weighted average of 367,896,497 ordinary shares (2010: 365,742,873 ordinary shares) after adjusting for the effects of all dilutive potential ordinary shares during the period.

(c) ***Reconciliations***

	2011 Number of shares	2010 Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	**359,501,393**	353,488,206
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**8,395,104**	12,254,667
Weighted average number of ordinary shares used in calculating diluted earnings per share	**367,896,497**	365,742,873
	=========	=========

BUSINESS REVIEW AND PROSPECTS

The second phase of the US quantitative easing which ended in June not only resulted in a weaker currency and lower interest rate, but also a higher unemployment rate of 9% and falling home prices in the US economy. Under the deteriorating global economic environment, the Hong Kong economy recorded a drop in the quarterly GDP growth from over 7% in the first quarter to 5% in the second quarter with unemployment rate maintained at a two-and-a-half year low of 3.5%. Moreover, it has to contend with surging inflationary pressures as consumer prices already leaped to a 36-month high of 5.6% in June as a result of the persistent decline of the US dollar. Food, fuel, imported goods and housing remained the key inflation engines. Looking ahead, a fragile US economic recovery which shows signs of losing momentum, lingering sovereign debt problems in Europe, disruptions on global supply chains in the aftermath of the devastating earthquake in Japan as well as accelerated pace of monetary tightening on the Mainland, will continue to provide a negative backdrop to the worldwide economy. As exports are losing momentum, the Hong Kong economy is expected to grow more moderately though the buoyant consumer demand should continue to underpin growth. Apart from the uncertain outlook on the external front, inflation is likely to edge up further in the second half of the year on the back of wage rise demand.

Electronic Toll Operation

Autotoll Limited ("Autotoll"), 50% owned by The Autopass Company Limited (a 70% owned subsidiary), 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 2011 was about 253,000. 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 60%. The daily transactions handled by Autotoll were about 355,000 with toll amount of approximately HK$7.8 million. The number of subscribers for the Global Positioning System at the end of June was around 7,000.

Motoring School Operation

Alpha Hero Group (70% owned) which operates driving training schools, recorded not only a 16% increase in the number of driving lessons demanded for the period under review as compared with the previous corresponding period but also a welcomed increase in income from motorcycle training courses, as a result of proactive sales and marketing efforts despite severe price competitions among operators.

Tunnel Operations

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

Bolstered by the positive sentiment of the economy and continued growth in consumption, the average daily throughput of the Western Harbour Tunnel ("WHT") for the first half year under review has increased to almost 55,000 vehicle journeys, representing an increase of about 5% as compared with the last corresponding period. Likewise, WHTCL recorded a significant growth in toll revenue for the same period since its fifth toll increase became effective from August 2010. WHT's market share was maintained at 22% for the period.

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

The average daily throughput of the Tate's Cairn Tunnel during the first half-year under review remained at about 52,400 vehicle journeys. Moreover, TCTCL recorded an increase of about 7% in toll revenue for the period under review as compared with the previous corresponding period as a result of its sixth toll increase implemented in December 2010.

COMMENTARY ON INTERIM RESULTS

(I) Review of 2011 Interim Results

The Group's unaudited profit attributable to shareholders for the six months ended 30 June 2011 amounted to HK$165.8 million as compared to HK$165.4 million for the last corresponding period. Earnings per share were HK$0.46.

The Group's turnover for the period under review was HK$116.9 million, an increase of HK$18.6 million or 18.9% as compared to the HK$98.3 million recorded in the same period last year. The improvement was attributable to an increase in turnover of the motoring school and interest income from fixed rate notes.

The motoring school operations recorded an increase in turnover of 7.5% to HK$93.4 million as a result of improvement in tuition fees income due to higher demand for driving lessons, albeit at a lower lesson income unit rate and also an increase in income from motorcycle courses as compared with the last corresponding period.

The Group's share of profits less losses of associates has increased slightly by 1.9% to HK$139.2 million as compared to HK$136.6 million in the last corresponding period due to improved performance of both WHTCL and TCTCL as a result of new tolls implemented in the second half of 2010. WHTCL recorded a 15.5% increase in toll revenue which was however, partially offset by an additional deferred tax provision. After accounting for the amortization of fair value in excess of net book value of WHTCL and TCTCL as at the completion dates of the acquisitions in 2008, profit contributions from WHTCL and TCTCL for the first half year under review were HK$116.5 million and HK$22.7 million respectively.

The Group's share of profit from a jointly controlled entity, Autotoll Limited, which operates an electronic toll collection system, was HK$9.2 million for the first half year under review against the HK$7.8 million recorded in the last corresponding period, representing an increase of HK$1.4 million or 17.9% as a result of an increase in project income.

The Group's financial costs incurred on bank loans during the period under review amounted to HK$3.1 million. The bank loans are variable interest rate loans with interest rate based on the HIBOR plus the predetermined spread.

(II) Investments

As at 30 June 2011, the Group maintained a portfolio of investments, composed of listed securities and unlisted investments with an aggregate market value of HK$604.1 million (31 December 2010: HK$494.7 million). The increase in portfolio balance was primarily due to the acquisition of available-for-sale securities. Certain 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$3.2 million.

(III) Liquidity and Financial Resources

As at 30 June 2011, the Group had bank balances and deposits in the amount of HK$826.3 million. Banking facilities available are sufficient to meet the foreseeable funding needs for working capital and capital expenditure. At 30 June 2011, the Group had outstanding bank loans of HK$260.4 million (31 December 2010: HK$364.6 million). The bank loans are denominated in Hong Kong dollars and secured by corporate guarantees issued by the Company and two indirect wholly-owned subsidiaries. Gearing ratio of the Group, as measured by dividing the net debt to shareholders' equity, was negative as cash and cash equivalents of the Group could cover the total debt (31 December 2010 : negative). Net debt includes interest-bearing bank borrowings and other payables, net of cash and cash equivalents.

The following is the maturing profile of the Group’s bank borrowings as of 30 June 2011 :

Within 1 year	80.0%
After 1 year but within 2 years	20.0%
	100.0%

The sum of term loan instalment payments repayable within one year is HK$208.3 million.

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.

(IV) Employees

The Group has 470 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$55.9 million.

(V) Contingent Liabilities

At 30 June 2011, the Group had the following contingent liabilities in respect of the Company:

The Company has given a letter of undertaking to a bank for general banking facilities totalling HK$50 million (31 December 2010: HK$50 million) granted to the Company. The banking facilities granted are also secured by a negative pledge of certain listed investments and its shareholding in certain subsidiaries held by the Group. At 30 June 2011, these facilities were not utilised by the Company.

Also, there was contingent liability in respect of a guarantee given by the Company on behalf of a subsidiary relating to a bank loan of up to HK$250 million (31 December 2010: HK$250 million). The Company has not recognised any deferred income for the guarantee given in respect of the banking facility for the subsidiary as their fair value cannot be reliably measured and no transaction cost was incurred.

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") set out within Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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 no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out within Appendix 10 to the Listing Rules (as amended from time to time).

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

PURCHASE, SALE OR REDEMPTION OF SHARES

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

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

Hong Kong, 26 August 2011

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 and Wong Yat Fai who are non-executive directors; and Ng Kwok Fu, Luk Yu King, James and Leung Yu Ming, Steven who are independent non-executive directors.