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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **The Cross-Harbour (Holdings) Limited**, you should at once hand this circular to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 32)**

**DISCLOSEABLE TRANSACTION**  
**ACQUISITION OF 100% INTEREST IN**  
**POWER RIGHT INVESTMENTS LIMITED**

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A letter from the Board is set out on pages 4 to 8 of this circular.

16 December 2008

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings, unless context otherwise requires:*

“Acquisition”	the acquisition by the Purchaser from the Vendor of the Sale Share and the Sale Loan pursuant to the S&P Agreement
“Activate”	Activate International Limited, a company incorporated under the laws of the BVI with limited liability
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than Saturday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which the banks are generally open for business in Hong Kong
“BVI”	the British Virgin Islands
“Central Development”	Central Development International Holdings Limited, a company incorporated under the laws of the BVI with limited liability
“China Resources” or “Vendor”	China Resources (Holdings) Company Limited, a company incorporated under the laws of Hong Kong with limited liability
“Company”	The Cross-Harbour (Holdings) Limited, a company with limited liability incorporated under the laws of Hong Kong and the shares of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition
“Completion Date”	the date when Completion shall take place, being (i) 18 December 2008; or (ii) the 5th Business Day after the date on which the condition precedent to the Acquisition has been satisfied, whichever is later, or such other date as may be agreed in writing between the parties to the S&P Agreement
“Condition Fulfillment Date”	means 31 March 2009, or such later date as may be agreed in writing between the parties to the S&P Agreement

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## DEFINITIONS

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“connected person”	has the meaning ascribed to it under the Listing Rules and references to “connected” and “independent” shall be construed accordingly
“Consideration”	HK\$555 million, being the total consideration payable by the Purchaser to the Vendor for the Sale Share and Sale Loan pursuant to the S&P Agreement
“Director(s)”	the director(s) of the Company
“Gold Harbour” or “Purchaser”	Gold Harbour Investment Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Government”	the Government of Hong Kong
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	12 December 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nishimatsu Investment”	Nishimatsu Investment Limited, a company incorporated under the laws of Hong Kong with limited liability
“Power Right”	Power Right Investments Limited, a company incorporated under the laws of the BVI with limited liability
“PRC”	the People’s Republic of China
“Sale Loan”	such amount of the unsecured and non-interest bearing advance payable on demand as shall be outstanding and owing by Power Right to the Vendor as of the Completion Date, which amounted in aggregate to HK\$184,099,413 as of 31 October 2008
“Sale Share”	one share of US\$1.00 par value in the capital of Power Right, representing the entire issued share capital of Power Right
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S&P Agreement”	the sale and purchase agreement dated 27 November 2008 entered into between the Purchaser, the Vendor and the Company in relation to the Acquisition
“TCTC”	Tate’s Cairn Tunnel Company Limited, a company incorporated under the laws of Hong Kong with limited liability
“TCTIH”	Tate’s Cairn Tunnel Investment Holdings Company Limited (formerly known as Draker Investments Limited), a company incorporated under the laws of Hong Kong with limited liability
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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LETTER FROM THE BOARD

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**THE CROSS-HARBOUR (HOLDINGS) LIMITED**

**港通控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 32)**

*Executive Director:*

CHEUNG Chung Kiu (*Chairman*)  
YEUNG Hin Chung, John (*Managing Director*)  
YUEN Wing Shing  
WONG Chi Keung  
LEUNG Wai Fai  
TUNG Wai Lan, Iris

*Registered Office:*

Rooms 3301-07  
China Resources Building  
26 Harbour Road  
Wanchai  
Hong Kong

*Non-executive Director:*

Lee Ka Sze, Carmelo  
Wong Yat Fai

*Independent Non-Executive Director:*

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

16 December 2008

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION  
ACQUISITION OF 100% INTEREST IN  
POWER RIGHT INVESTMENTS LIMITED**

**1. INTRODUCTION**

The Board announced in an announcement of the Company dated 28 November 2008 that on 27 November 2008, the Company (as purchaser's guarantor), Gold Harbour (as purchaser) and China Resources (as vendor) entered into the S&P Agreement, pursuant to which (i) China Resources agreed to sell and Gold Harbour agreed to acquire the Sale Share; (ii) China Resources agreed to sell and assign and Gold Harbour agreed to purchase and take assignment of the Sale Loan for an aggregate consideration of HK\$555 million, payable in cash by the Purchaser to the Vendor at the Completion;

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## LETTER FROM THE BOARD

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and (iii) the Company agreed to guarantee the Purchaser's performance of its obligations and warranties under the S&P Agreement. The Sale Share represents the entire issued share capital in Power Right and the Sale Loan represents the shareholder's loan due from Power Right to China Resources as of the Completion Date. Power Right is an investment holding company incorporated in the BVI and holds a 39.5% interest in TCTIH, the holding company of TCTC.

The entering into of the S&P Agreement constitutes a discloseable transaction for the Company under the Listing Rules.

The purpose of this circular is to provide you with further details of the Acquisition and other information as required under the Listing Rules.

### 2. THE S&P AGREEMENT

The Company, Gold Harbour and China Resources entered into the S&P Agreement with the following particulars:

#### Date

27 November 2008

#### Parties

Vendor	:	China Resources
Purchaser	:	Gold Harbour
Purchaser's guarantor	:	the Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate holding company are third parties independent of the Company and its connected persons.

#### Assets to be acquired

Pursuant to the S&P Agreement, (i) China Resources agreed to sell and Gold Harbour agreed to acquire the Sale Share; and (ii) China Resources agreed to sell and assign and Gold Harbour agreed to purchase and take assignment of the Sale Loan. The Sale Share represents the entire issued share capital in Power Right and the Sale Loan represents the entire amount of shareholder's loan due from Power Right to China Resources as of the Completion Date. Power Right is an investment holding company incorporated in the BVI and holds a 39.5% equity interest in TCTIH, the holding company of TCTC (please refer to the section headed "Information on Power Right, TCTIH and TCTC" for descriptions of TCTIH and TCTC).

The Company entered into the S&P Agreement to guarantee the Vendor of the performance by the Purchaser of its obligations and warranties under the S&P Agreement.

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## LETTER FROM THE BOARD

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### Consideration

The aggregate consideration for the Sale Share and the Sale Loan is HK\$555 million, of which an amount equal to the nominal amount of the Sale Loan at Completion is attributable as consideration for the Sale Loan and the remainder of the said aggregate consideration is attributable to the Sale Share. The Consideration is payable in cash by the Purchaser to the Vendor at Completion.

The Consideration was determined after arm's length negotiations between the parties to the S&P Agreement and is based on the net asset value of Power Right with reference to the latest audited financial statements and management accounts of Power Right. The Consideration as compared with the total asset value of Power Right as of 30 June 2008 of approximately HK\$502 million represents an approximately 10% premium. Accordingly, the Directors consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders.

### Condition Precedent

The Completion is conditional upon (if so required) approval by the Shareholders of the S&P Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules being obtained on or before the Condition Fulfillment Date.

If the above condition has not been fulfilled by 4:00 p.m. on the Condition Fulfillment Date, the S&P Agreement shall lapse and be of no further effect and no party to the S&P Agreement shall have any claim against or liability or obligation to the other parties save in respect of any antecedent breaches of the S&P Agreement.

Since the Acquisition constitutes only a discloseable transaction of the Company, no approval by the Shareholders is necessary under the Listing Rules. As such, the above condition has already been dispensed with.

### Completion

The Completion shall take place on the Completion Date.

### 3. INFORMATION ON POWER RIGHT, TCTIH AND TCTC

Power Right is an investment holding company established under the laws of the BVI on 25 July 2007 with limited liability, and holds a 39.5% interest in TCTIH, the holding company of TCTC. It has an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each, of which one share, i.e. the Sale Share, has been issued and fully paid up or credited as fully paid up. Power Right was entirely owned by the Vendor as at the Latest Practicable Date.

The audited net asset value of Power Right as at 30 June 2008 was HK\$227,082,929. For the financial period ended on 30 June 2008, the audited net profit before and after taxation and extraordinary items of Power Right were both HK\$29,774,000. TCTC and TCTIH are and will be accounted for in the financial statements of Power Right under the equity accounting method (and not consolidated as its subsidiaries) before and after the Acquisition.

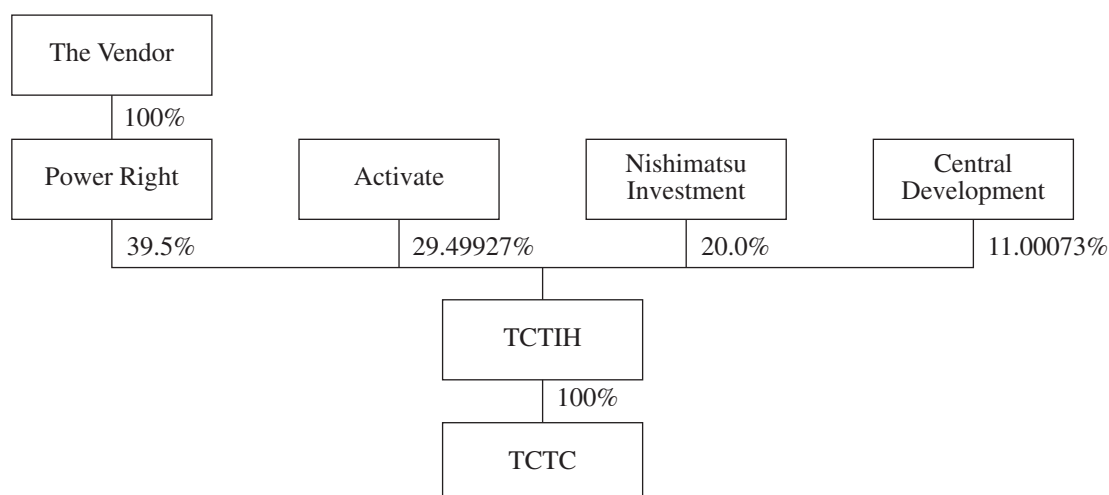


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## LETTER FROM THE BOARD

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TCTC is principally engaged in the construction, maintenance and operation of the Tate's Cairn Tunnel. TCTC was granted a 30-year franchise by the Government to build and operate the Tate's Cairn Tunnel commencing on 11 July 1988. As at the Latest Practicable Date, the shareholding structure of TCTIH and TCTC was as shown below:-



Upon the Completion, the Company will through the Purchaser have acquired the entire issued share capital in Power Right from the Vendor and will be effectively holding a 39.5% shareholding interest in TCTC.

#### 4. DISCLOSEABLE TRANSACTION

As the assets ratio, the profits ratio and the consideration ratio set out in rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the entering into of the S&P Agreement constitutes a discloseable transaction for the Company under the Listing Rules.

#### 5. REASONS FOR AND BENEFITS OF THE ACQUISITION

The core business of the Company is investment holding in transport infrastructures. The Company considers that the steady revenue from TCTC will ultimately create an increased and sustainable stream of value for the Shareholders. This is consistent with the Company's policy of proactively and prudently engaging its financial resources.

The Directors believe that the terms of the S&P Agreement (including the Consideration) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### 6. FINANCIAL EFFECTS OF THE ACQUISITION

The Directors expect that the Acquisition would enhance the earnings of the Group and would not have any adverse effect on its assets and liabilities.

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## LETTER FROM THE BOARD

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### 7. BUSINESS OF THE GROUP, THE PURCHASER AND THE VENDOR

The Group is principally engaged in motoring school operations, tunnel operations, electronic toll operations and treasury.

Gold Harbour is a company incorporated under the laws of Hong Kong and its principal business is investment holding.

The Vendor is a company incorporated under the laws of Hong Kong and its principal business is investment holding.

### 8. GENERAL

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,  
For and on behalf of  
**The Cross-Harbour (Holdings) Limited**  
**Yeung Hin Chung, John**  
*Managing Director*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

### A. Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in the Listing Rules, were as follows:

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

*Note:*

The above interest of Mr. Cheung Chung Kiu (“Mr. Cheung”) represents a long position in the Shares. Mr. Cheung was deemed to be interested in 148,254,432 Shares by virtue of his indirect shareholding interest in Honway Holdings Limited (“Honway”) which owned these shares. Honway was a wholly owned subsidiary of Y. T. Investment Holdings Limited (“Y. T. Investment”) which 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 above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had, or was deemed to have, any interests or short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in the Listing Rules.

## B. Shareholders

- (i) As at the Latest Practicable Date, so far as was known to the Directors and chief executives of the Company, the following persons or corporations (not being Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Capacity	No. of Shares (long position)	Total no. of Shares	% of issued Share capital
Palin Holdings Limited	Interest of controlled corporation	145,022,432	145,022,432 <sup>1</sup>	41.03%
Chongqing Industrial	Interest of controlled corporation	145,022,432	145,022,432 <sup>1</sup>	41.03%
Yugang	Interest of controlled corporation	145,022,432	145,022,432 <sup>1</sup>	41.03%
Yugang BVI	Interest of controlled corporation	145,022,432	145,022,432 <sup>1</sup>	41.03%
Funrise	Interest of controlled corporation	145,022,432	145,022,432 <sup>1</sup>	41.03%
Y. T. Realty	Interest of controlled corporation	145,022,432	145,022,432 <sup>1</sup>	41.03%
Y. T. Investment	Interest of controlled corporation	145,022,432	145,022,432 <sup>1</sup>	41.03%

**APPENDIX****GENERAL INFORMATION**

<b>Name</b>	<b>Capacity</b>	<b>No. of Shares (long position)</b>	<b>Total no. of Shares</b>	<b>% of issued Share capital</b>
Honway	Beneficial owner	145,022,432	145,022,432 <sup>1</sup>	41.03%
Deutsche Bank Aktiengesellschaft	Investment manager Security interest	5,582,430 <u>15,527,000</u>	21,109,430	5.97%
PMA Capital Management Limited	Investment manager	32,092,000	32,092,000	9.08%
Sheldon Fenton Kasowitz <sup>2</sup>	Interest of controlled corporation	17,705,000	17,705,000	5.01%
David Nathan Kowitz <sup>2</sup>	Interest of controlled corporation	17,705,000	17,705,000	5.01%
Indus Capital Partners, LLC <sup>2</sup>	Investment manager	17,705,000	17,705,000	5.01%

*Notes:*

<sup>1</sup> Each parcel of 145,022,432 Shares represents the same shareholding interest of Honway and is duplicated in Mr. Cheung's interest. Each of Palin Holdings Limited, Chongqing Industrial, Yugang, Yugang BVI, Funrise, Y. T. Realty and Y. T. Investment was deemed to be interested in the said Shares by virtue of its direct/indirect shareholding interest in Honway.

<sup>2</sup> Messrs. Sheldon Fenton Kasowitz and David Nathan Kowitz each owned 35.3% of the issued share capital of Indus Capital Partners, LLC.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executives of the Company were not aware of any other person who, had, or was deemed to have, an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

- (ii) As at the Latest Practicable Date, so far as was known to the Directors and chief executives of the Company, the following persons or corporations (not being Directors or chief executives of the Company) were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital:

<b>Name of subsidiary</b>	<b>Name of shareholder</b>	<b>No. of shares</b>	<b>% of issued share capital</b>
The Autopass Company Limited	Amtech Systems (Hong Kong) Limited	30,000 "B" ordinary shares	30%
The Hong Kong School of Motoring Limited	Wilson Parking International Holdings Limited	600,000 ordinary shares	30%

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executives of the Company were not aware of any other person who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any options in respect of such capital.

### 3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or was proposing to enter into, any service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

### 4. LITIGATION

As at the Latest Practicable Date, so far as the Directors were aware, neither the Company nor any member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or arbitration or claim of material importance known to the Directors to be pending or threatened by or against the Company or any member of the Group.

### 5. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective associates had any interest in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

**6. GENERAL**

- (a) The secretary of the Company is Leung Shuk Mun, Phyllis Sylvia, who is Fellow of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (b) The qualified accountant of the Company is Chung Wai Yee, Stella, who is Fellow of CPA Australia and the Hong Kong Institute of Certified Public Accountants, and Associate of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (c) The registered office of the Company is situated at Rooms 3301-07, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.
- (d) The share registrar and transfer office of the Company is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (e) Mr. Lee Ka Sze, Carmelo, a non-executive Director, is a partner of Woo, Kwan, Lee & Lo, legal adviser to the Company in connection with the transaction which forms the subject matter of this circular, which firm will receive normal professional fees in this regard.
- (f) In any event of inconsistency, the English text of this circular shall prevail over the Chinese text.