



The Cross-Harbour (Holdings) Limited

(Stock Code : 32)

Interim Report 2013

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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

Independent Non-executive Director

Ng Kwok Fu

Luk Yu King, James

Leung Yu Ming, Steven

Audit Committee

Luk Yu King, James (*Chairman*)

Ng Kwok Fu

Leung Yu Ming, Steven

Remuneration Committee

Leung Yu Ming, Steven (*Chairman*)

Cheung Chung Kiu

Ng Kwok Fu

Nomination 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*)

Company Secretary

Leung Shuk Mun, Phyllis Sylvia

Legal Adviser

Woo, Kwan, Lee & Lo

Registered Office

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External Auditor

KPMG

Registrar & Transfer Office

Tricor Tengis Limited

26/F, Tesbury Centre

28 Queen's Road East

Wanchai

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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 Statement of Profit or Loss

For the six months ended 30 June 2013 - unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2013 \$'000	2012 \$'000
Turnover	3	121,490	122,088
Other revenue		372	316
Other net loss	4	(32,391)	(8,240)
Direct costs and operating expenses		(54,960)	(53,117)
Selling and marketing expenses		(7,116)	(8,715)
Administrative and corporate expenses		<u>(29,800)</u>	<u>(28,527)</u>
(Loss)/profit from operations		(2,405)	23,805
Finance costs	5(a)	(113)	(1,352)
Share of profits less losses of associates	9	203,405	180,764
Share of profits of a joint venture		<u>10,599</u>	<u>9,356</u>
Profit before taxation	5	211,486	212,573
Income tax	6	<u>(6,272)</u>	<u>(6,124)</u>
Profit for the period		<u>205,214</u>	<u>206,449</u>
Attributable to:			
Equity shareholders of the Company		192,303	194,793
Non-controlling interests		<u>12,911</u>	<u>11,656</u>
Profit for the period		<u>205,214</u>	<u>206,449</u>
Earnings per share	7		
Basic and diluted		<u>52 cents</u>	<u>52 cents</u>

The notes on pages 8 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 Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2013 - unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2013 \$'000	2012 \$'000
Profit for the period		205,214	206,449
Other comprehensive income for the period (after tax and reclassification adjustments)			
Items that may be classified subsequently to profit or loss:			
Available-for-sale securities:			
net movement in the investment revaluation reserve	8	(44,023)	41,947
Share of other comprehensive income of an associate and a joint venture:			
– Cash flow hedge:			
net movement in the hedging reserve		–	1,874
– Exchange differences on translation of financial statements of overseas subsidiary and joint venture		35	6
		(43,988)	43,827
Total comprehensive income for the period		161,226	250,276
Attributable to:			
Equity shareholders of the Company		148,305	238,618
Non-controlling interests		12,921	11,658
Total comprehensive income for the period		161,226	250,276

The notes on pages 8 to 24 form part of this interim financial report.

Consolidated Statement of Financial Position

As at 30 June 2013 - unaudited

(Expressed in Hong Kong dollars)

		30 June 2013		31 December 2012	
	Note	\$'000	\$'000	\$'000	\$'000
Non-current assets					
Fixed assets					
– Property, plant and equipment			136,013		143,525
– Interest in leasehold land held for own use			<u>24,797</u>		<u>25,161</u>
			160,810		168,686
Interest in associates	9		2,217,401		2,282,586
Interest in a joint venture			57,331		46,697
Available-for-sale securities	10		431,702		508,284
Deferred tax assets			<u>2,870</u>		<u>2,830</u>
			2,870,114		3,009,083
Current assets					
Trading securities			171,919		172,258
Inventories			1,100		1,179
Trade and other receivables	11		21,459		16,363
Bank deposits and cash	12		<u>972,897</u>		<u>707,067</u>
			<u>1,167,375</u>		<u>896,867</u>
Current liabilities					
Trade and other payables	13		30,568		62,215
Course fees received in advance			156,465		116,987
Taxation payable			23,818		18,038
Dividends payable			<u>22,588</u>		<u>2,240</u>
			<u>233,439</u>		<u>199,480</u>

Consolidated Statement of Financial Position

As at 30 June 2013 - unaudited

(Expressed in Hong Kong dollars)

	Note	30 June 2013		31 December 2012	
		\$'000	\$'000	\$'000	\$'000
Net current assets			<u>933,936</u>		<u>697,387</u>
Total assets less current liabilities			<u>3,804,050</u>		<u>3,706,470</u>
Non-current liabilities					
Loan from an associate	9		200,739		184,228
Deferred tax liabilities			<u>331</u>		<u>279</u>
			<u>201,070</u>		<u>184,507</u>
NET ASSETS			<u>3,602,980</u>		<u>3,521,963</u>
CAPITAL AND RESERVES					
Share capital	14 (b)		372,688		372,688
Reserves			<u>3,130,210</u>		<u>3,048,988</u>
Total equity attributable to equity shareholders of the Company			3,502,898		3,421,676
Non-controlling interests			<u>100,082</u>		<u>100,287</u>
TOTAL EQUITY			<u>3,602,980</u>		<u>3,521,963</u>

The notes on pages 8 to 24 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013 - unaudited

(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company									
		Share	Share	Capital	Investment	Hedging	Exchange	Retained	Non-	Total	
		capital	premium	reserve	revaluation	reserve	reserve	profits	controlling	equity	
Note		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	Balance at 1 January 2012	372,688	1,256,773	1,984	(55,962)	(1,706)	236	1,437,845	3,011,858	78,846	3,090,704
	Changes in equity for the										
	six months ended 30 June 2012:										
	Profit for the period	—	—	—	—	—	—	194,793	194,793	11,656	206,449
	Other comprehensive income	—	—	—	41,947	1,874	4	—	43,825	2	43,827
	Total comprehensive income for the period	—	—	—	41,947	1,874	4	194,793	238,618	11,658	250,276
	Dividends approved in respect of										
	the previous financial year	14 (a)	—	—	—	—	—	(44,722)	(44,722)	—	(44,722)
	Non-controlling interest's share of dividends		—	—	—	—	—	—	—	(9,015)	(9,015)
	Dividend declared in respect of										
	the current financial year	14 (a)	—	—	—	—	—	(22,361)	(22,361)	—	(22,361)
	Balance at 30 June 2012	372,688	1,256,773	1,984	(14,015)	168	240	1,565,555	3,183,393	81,489	3,264,882
	Changes in equity for the										
	six months ended 31 December 2012:										
	Profit for the period	—	—	—	—	—	—	209,032	209,032	29,030	238,062
	Other comprehensive income	—	—	—	74,146	(168)	(4)	—	73,974	(2)	73,972
	Total comprehensive income for the period	—	—	—	74,146	(168)	(4)	209,032	283,006	29,028	312,034
	Non-controlling interest's share of dividends		—	—	—	—	—	—	—	(10,230)	(10,230)
	Dividend declared in respect of										
	the current financial year		—	—	—	—	—	(44,723)	(44,723)	—	(44,723)
	Balance at 31 December 2012	372,688	1,256,773	1,984	60,131	—	236	1,729,864	3,421,676	100,287	3,521,963
	Balance at 1 January 2013	372,688	1,256,773	1,984	60,131	—	236	1,729,864	3,421,676	100,287	3,521,963
	Changes in equity for the										
	six months ended 30 June 2013:										
	Profit for the period	—	—	—	—	—	—	192,303	192,303	12,911	205,214
	Other comprehensive income	—	—	—	(44,023)	—	25	—	(43,998)	10	(43,988)
	Total comprehensive income for the period	—	—	—	(44,023)	—	25	192,303	148,305	12,921	161,226
	Dividends approved in respect of										
	the previous financial year	14 (a)	—	—	—	—	—	(44,722)	(44,722)	—	(44,722)
	Non-controlling interest's share of dividends		—	—	—	—	—	—	—	(13,126)	(13,126)
	Dividend declared in respect of										
	the current financial year	14 (a)	—	—	—	—	—	(22,361)	(22,361)	—	(22,361)
	Balance at 30 June 2013	372,688	1,256,773	1,984	16,108	—	261	1,855,084	3,502,898	100,082	3,602,980

The notes on pages 8 to 24 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013 - unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2013 \$'000	2012 \$'000
Cash generated from operations		32,471	34,371
Tax paid		(480)	(2,470)
Net cash generated from operating activities		31,991	31,901
Net cash generated from investing activities		172,254	296,254
Net cash used in financing activities		(59,974)	(161,470)
Net increase in cash and cash equivalents		144,271	166,685
Cash and cash equivalents at 1 January		676,461	572,367
Cash and cash equivalents at 30 June	12	820,732	739,052

The notes on pages 8 to 24 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

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 2013.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 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 2012 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

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 2012 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 2012 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 26 March 2013.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs 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:

- Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 11, *Joint arrangements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(a) Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

(b) HKFRS 10, *Consolidated financial statements*

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of these returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Changes in accounting policies (continued)

(c) HKFRS 11, *Joint arrangements*

HKFRS 11, which replaces HKAS 31, *Interests in joint ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operations. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the investment from jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

(d) HKFRS 12, *Disclosure of interests in other entities*

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in this interim financial report as a result of adopting HKFRS 12.

(e) HKFRS 13, *Fair value measurement*

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The Group has provided those disclosures in note 15.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

3 Turnover and segment reporting

(a) 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	
	2013	2012
	\$'000	\$'000
Principal activities		
Motoring school operations	104,312	101,667
Investment and other activities	<u>17,178</u>	<u>20,421</u>
	<u>121,490</u>	<u>122,088</u>

(b) 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 presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Motoring school operations: this segment invests in subsidiaries which operate three driver training centres.
- Tunnel operations: this segment invests in associates which operate the Western Harbour Tunnel and Tate's Cairn Tunnel franchises.
- Electronic toll operations: this segment invests in a joint venture 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.
- Others: this segment mainly operates leasing of fixed assets.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

3 Turnover and segment reporting (continued)

(b) Segment reporting (continued)

(i) 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.

	Motoring School Operations		Tunnel Operations		Electronic Toll Operations		Treasury		Others		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	104,312	101,667	1,250	1,250	2,400	2,400	1,936	1,913	1,002	438	110,900	107,668
Inter-segment revenue	—	—	—	—	—	—	—	—	6,433	5,456	6,433	5,456
Interest revenue	1,351	1,673	—	—	—	—	9,239	12,747	—	—	10,590	14,420
Reportable segment revenue	105,663	103,340	1,250	1,250	2,400	2,400	11,175	14,660	7,435	5,894	127,923	127,544
Reportable segment profit/(loss) before tax	37,027	33,934	204,655	182,014	12,890	11,646	(21,629)	1,531	(8,799)	(5,109)	224,144	224,016
Depreciation	1,733	2,537	—	—	—	—	—	—	8,521	5,459	10,254	7,996
Share of profits less losses of associates	—	—	203,405	180,764	—	—	—	—	—	—	203,405	180,764
Share of profits of a joint venture	—	—	—	—	10,599	9,356	—	—	—	—	10,599	9,356
Income tax	6,002	5,845	—	—	279	279	(8)	—	(1)	—	6,272	6,124
Reportable segment assets at 30 June 2013/ 31 December 2012	474,434	419,471	2,217,401	2,282,586	58,476	72,044	1,163,634	1,004,041	120,455	127,404	4,034,400	3,905,546

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

3 Turnover and segment reporting (continued)

(b) Segment reporting (continued)

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

	Six months ended 30 June	
	2013	2012
	\$'000	\$'000
Revenue		
Reportable segment revenue	127,923	127,544
Elimination of inter-segment revenue	(6,433)	(5,456)
Consolidated turnover	<u>121,490</u>	<u>122,088</u>
Profit		
Reportable segment profit derived from Group's external customers	224,144	224,016
Other revenue	372	316
Unallocated head office and corporate income and expenses	(13,030)	(11,759)
Consolidated profit before taxation	<u>211,486</u>	<u>212,573</u>
Assets		
Reportable segment assets	4,034,400	3,905,546
Unallocated head office and corporate assets	3,089	404
Consolidated total assets	<u>4,037,489</u>	<u>3,905,950</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

4 Other net loss

	Six months ended 30 June	
	2013	2012
	\$'000	\$'000
Net realised and unrealised losses on trading securities	(339)	(10,312)
Available-for-sale securities: reclassified from equity on impairment	(32,559)	—
Net gains on sale of fixed assets	507	2,072
	<u>(32,391)</u>	<u>(8,240)</u>

5 Profit before taxation

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

	Six months ended 30 June	
	2013	2012
	\$'000	\$'000
(a) Finance costs		
Interest on bank borrowings	—	959
Other borrowing costs	113	393
	<u>113</u>	<u>1,352</u>
(b) Other items		
Depreciation	10,254	7,996
Cost of inventories consumed	3,386	3,390
Contributions to defined contribution retirement schemes	2,270	2,153
Dividend income from listed investments	(1,809)	(1,493)
Interest income	(10,590)	(14,420)

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

6 Income tax

	Six months ended 30 June	
	2013	2012
	\$'000	\$'000
Current tax – Hong Kong Profits Tax	6,260	6,062
Deferred taxation	<u>12</u>	<u>62</u>
	<u>6,272</u>	<u>6,124</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the six months ended 30 June 2013.

Share of taxation of associates for the six months ended 30 June 2013 amounted to \$45.4 million (2012: \$41.4 million) was included in share of profits less losses of associates in the consolidated statement of profit or loss.

Share of taxation of a joint venture for the six months ended 30 June 2013 amounted to \$1.6 million (2012: \$1.9 million) was included in share of profits of a joint venture in the consolidated statement of profit or loss.

7 Earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$192,303,000 (2012: \$194,793,000) and the weighted average of 372,688,206 ordinary shares (2012: 372,688,206 ordinary shares) in issue during the period.

8 Other comprehensive income

	Six months ended 30 June	
	2013	2012
	\$'000	\$'000
Available-for-sale securities:		
Changes in fair value recognised during the period	(76,582)	41,947
Reclassification adjustment for amounts transferred to profit or loss on impairment	<u>32,559</u>	<u>—</u>
Net movement in the investment revaluation reserve recognised during the period	<u>(44,023)</u>	<u>41,947</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

9 Interest in associates

	At 30 June 2013 \$'000	At 31 December 2012 \$'000
Share of net assets	2,174,124	2,160,682
Goodwill	40,400	44,400
Amount due from an associate	417	417
Loan to and interest receivable from an associate	<u>2,460</u>	<u>77,087</u>
	<u>2,217,401</u>	<u>2,282,586</u>
Loan from an associate	<u>200,739</u>	<u>184,228</u>

The amount due from an associate is not expected to be repayable within the next twelve months.

- (a) Particulars of associates, which are unlisted corporate entities and principally affected the results or assets of the Group:

Name of associate	Form of business structure	Place of incorporation and operation	Group's effective interest	Proportion of ownership interest		Principal activity	Financial year end
				Held by the Company	Held by a subsidiary		
Western Harbour Tunnel Company Limited ("WHTCL")	Incorporated	Hong Kong	50%	37%	13%	Operation of the Western Harbour Crossing	31 July
Tate's Cairn Tunnel Company Limited ("TCTCL")	Incorporated	Hong Kong	39.5%	—	39.5%	Operation of the Tate's Cairn Tunnel	30 June

- (b) The Group's interest in WHTCL and TCTCL are accounted for under the equity method based on the financial statements of WHTCL and TCTCL for the six months ended 30 June 2013 respectively.
- (c) WHTCL was granted a thirty year franchise to construct and operate the Western Harbour Crossing in accordance with the Western Harbour Crossing Ordinance enacted on 22 July 1993.
- (d) TCTCL was granted a thirty year franchise to construct and operate the Tate's Cairn Tunnel in accordance with the Tate's Cairn Tunnel Ordinance enacted on 1 July 1988.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

9 Interest in associates (continued)

- (e) The loan to an associate bears interest at a rate of 1% (2012: 1%) per annum as determined by the shareholders of that associate. Interest earned by the Group from the associate for the period ended 30 June 2013 amounted to \$0.4 million (2012: \$0.3 million). The loan is repayable on demand as may from time to time be agreed among the associate shareholders. The loan is classified as non-current as the directors do not intend to demand repayment within the next twelve months.
- (f) The loan from an associate is unsecured and interest free. The loan is classified as a non-current liability as it is not repayable within the next twelve months.
- (g) Summarised financial information of TCTCL, extracted from TCTCL's management accounts, is set out below:

	Six months ended 30 June	
	2013 (Unaudited) \$'000	2012 (Unaudited) \$'000
Turnover	<u>205,985</u>	<u>206,533</u>
Income tax	<u>20,362</u>	<u>20,661</u>
Profit for the period after taxation	<u>103,193</u>	<u>105,116</u>
	At 30 June 2013 (Unaudited) \$'000	At 31 December 2012 (Unaudited) \$'000
Total assets	<u>854,316</u>	<u>838,943</u>
Total liabilities	<u>153,343</u>	<u>135,562</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

9 Interest in associates (continued)

- (h) Summarised financial information of WHTCL, extracted from WHTCL's management accounts, is set out below:

Operating results

	Note	Six months ended 30 June	
		2013 (Unaudited) \$'000	2012 (Unaudited) \$'000
Turnover			
Toll revenue		646,794	578,866
Other income	i	<u>16,424</u>	<u>21,821</u>
		663,218	600,687
Expenditure			
Operating and administrative expenses		(46,377)	(45,778)
Rates and government rent		(24,479)	(20,748)
Amortisation and depreciation	ii	<u>(143,686)</u>	<u>(141,128)</u>
Operating profit before finance charges		448,676	393,033
Finance cost on bank loans	iii	(632)	(8,467)
Interest on shareholders' loans		<u>(745)</u>	<u>(633)</u>
Profit before taxation		447,299	383,933
Income tax	iv	<u>(74,761)</u>	<u>(66,385)</u>
Profit for the period		<u><u>372,538</u></u>	<u><u>317,548</u></u>

Financial position

		At	At
		30 June 2013 (Unaudited) \$'000	31 December 2012 (Unaudited) \$'000
Non-current assets		3,880,408	4,023,456
Current assets		178,241	105,171
Current liabilities	v	(226,232)	(207,623)
Deferred tax liabilities		(520,365)	(530,235)
Shareholders' loans		<u>(4,919)</u>	<u>(154,174)</u>
Net assets		<u><u>3,307,133</u></u>	<u><u>3,236,595</u></u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

9 Interest in associates (continued)

(h) Summarised financial information of WHTCL, extracted from WHTCL's management accounts, is set out below: (continued)

Note:

- i. Other income includes income from telecommunications network providers and outdoor advertising site rental. For the six months ended 30 June 2012, non-recurring income amounted to \$5.5 million.
- ii. Amortisation of the cost of tunnel is calculated to write-off the cost over the franchise period on a units-of-usage basis whereby amortisation is provided based on the share of traffic volume for a particular period over the projected total traffic volume for the remainder of the franchise period of the tunnel.
- iii. Outstanding bank loans were fully repaid in December 2012.
- iv. Taxation includes the current and deferred income tax for the period. The provision for Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the six months ended 30 June 2013. WHTCL began to pay provisional profit tax for the financial year ended 31 July 2012.
- v. Current liabilities include current tax liabilities of \$170.0 million (2012: \$149.5 million).

10 Available-for-sale securities

	At 30 June 2013 \$'000	At 31 December 2012 \$'000
Listed in Hong Kong	274,748	323,997
Listed outside Hong Kong	93,493	100,342
Unlisted securities	<u>63,461</u>	<u>83,945</u>
	<u>431,702</u>	<u>508,284</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

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, based on the invoice date, as of the end of the reporting period:

	At 30 June 2013 \$'000	At 31 December 2012 \$'000
Current	4,615	1,657
Less than 1 month past due	479	1,191
1 to 3 months past due	1,001	1,494
More than 3 months but less than 12 months past due	<u>430</u>	<u>385</u>
Trade receivables, net of allowance for doubtful debts	6,525	4,727
Other receivables	<u>2,643</u>	<u>2,369</u>
Trade and other receivables	9,168	7,096
Deposits and prepayments	<u>12,291</u>	<u>9,267</u>
	<u><u>21,459</u></u>	<u><u>16,363</u></u>

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

12 Bank deposits and cash

	At 30 June 2013 \$'000	At 31 December 2012 \$'000
Deposits with banks and other financial institutions	827,530	553,705
Cash at bank and in hand	<u>145,367</u>	<u>153,362</u>
Bank deposits and cash in the consolidated statement of financial position	972,897	707,067
Less: Deposits with maturity greater than 3 months	<u>(152,165)</u>	<u>(30,606)</u>
Cash and cash equivalents in the condensed consolidated statement of cash flows	<u><u>820,732</u></u>	<u><u>676,461</u></u>

At 30 June 2013, \$17,965,000 (31 December 2012: \$18,889,000) were 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, based on the invoice date, as of the end of the reporting period:

	At 30 June 2013 \$'000	At 31 December 2012 \$'000
Within 1 month	1,244	1,109
1 month to 3 months	357	295
Over 3 months but within 6 months	<u>1,313</u>	<u>1,230</u>
Trade payables	2,914	2,634
Other payables and accrued charges	<u>27,654</u>	<u>59,581</u>
	<u><u>30,568</u></u>	<u><u>62,215</u></u>

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

14 Capital, reserves and dividends

(a) Dividends

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

	Six months ended 30 June	
	2013	2012
	\$'000	\$'000
First interim dividend declared during the interim period of 6 cents per share (2012: 6 cents per share)	22,361	22,361
Second interim dividend declared after the interim period of 6 cents per share (2012: 6 cents per share)	<u>22,361</u>	<u>22,361</u>
	<u>44,722</u>	<u>44,722</u>

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

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

	Six months ended 30 June	
	2013	2012
	\$'000	\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period of 12 cents per share (2012: 12 cents per share)	<u>44,722</u>	<u>44,722</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

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 2013 and 30 June 2013	<u>372,688</u>	<u>372,688</u>

15 Fair value measurement of financial instruments

Financial assets and liabilities measured at fair value

(a) Fair value hierarchy

	Fair value measurements using							
	Fair value at 30 June 2013 Total	Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value at 31 Dec 2012 Total	Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurement								
Financial assets:								
Available-for-sale securities								
– Listed	368,241	368,241	—	—	424,339	424,339	—	—
– Unlisted	63,461	45,557	17,904	—	83,945	63,336	20,609	—
Trading securities								
– Listed	85,063	85,063	—	—	87,043	87,043	—	—
– Unlisted	86,856	—	86,856	—	85,215	—	85,215	—
	<u>603,621</u>	<u>498,861</u>	<u>104,760</u>	<u>—</u>	<u>680,542</u>	<u>574,718</u>	<u>105,824</u>	<u>—</u>

During the six months ended 30 June 2013, there were no transfers between Level 1 and Level 2 (2012: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(b) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of the financial assets is determined based on executable quotes provided by investment fund managers.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

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, WHTCL at 30 June 2013 was \$2.5 million (31 December 2012: \$77.1 million).

The Group received interest income and management fee income from WHTCL of \$0.4 million (2012: \$0.3 million) and \$1.3 million (2012: \$1.3 million) respectively.

- (b) The Group received a loan from an associate, TCTCL. The balance of the loan at 30 June 2013 was \$200.7 million (31 December 2012: \$184.2 million).

- (c) The Group received consultancy fees and management fee income from a joint venture of \$1.8 million (2012: \$1.8 million) and \$0.6 million (2012: \$0.6 million) respectively.

17 Non-adjusting post balance sheet event

On 26 August 2013, the Directors proposed a second interim dividend. Further details are set out in note 14(a) “Dividends”.

Review Report to the Board of Directors

Review Report to the Board of Directors of The Cross-Harbour (Holdings) Limited

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 2 to 24 which comprises the consolidated statement of financial position of The Cross-Harbour (Holdings) Limited as of 30 June 2013 and the related consolidated statement of profit or loss, statement of profit or loss and other 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 2013 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, 26 August 2013

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 2013. 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 2013 amounted to HK\$192.3 million as compared with HK\$194.8 million for the first half of 2012. Earnings per share were HK\$0.52, the same as for the last corresponding period.

Dividends

A first quarterly interim dividend of HK\$0.06 per share, absorbing a total amount of HK\$22.4 million, was paid on 12 July 2013. Your directors have today declared a second quarterly interim dividend of HK\$0.06 per share payable on 19 September 2013 to shareholders registered on 12 September 2013.

Closure of Books

The register of members and transfer books of the Company will be closed from Tuesday, 10 September 2013 to Thursday, 12 September 2013, 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 for registration by 4:30 p.m., Monday, 9 September 2013.

Business Review and Prospects

Despite the uncertainty surrounding the withdrawal of monetary stimulus in the US and the ongoing fiscal difficulties in the Eurozone, the Hong Kong economy kicked off in 2013 with a moderate positive GDP growth of 2.8% in the first quarter. Private consumption grew briskly on the back of supportive labour market conditions and vibrant inbound tourism. Looking ahead, fundamentals in the US economy are more robust because of the recovery in the housing market whereas economic activity in the Eurozone remains soft. The tepid pace of the Mainland’s economic growth may also persist after the recent crackdown on exaggerated trade reporting activities. The pace of RMB appreciation is anticipated to slow as the Mainland’s trade surplus expects to narrow further. The local recovery will take its own course for the coming months of the year. The domestic-led growth may persist, though will likely be capped by sluggish export sector. Inflation shall remain tame at about 4% whereas the local property market will continue to show visible signs of cooling after the Government’s introduction of demand-management and macro-prudential measures in late February to curb exuberance.

Management Discussion and Analysis

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 2013 was about 274,400. The overall usage of auto-toll facilities in all eleven toll roads and tunnels maintained at around 50%, with the highest usage at the Tai Lam Tunnel at around 60%. The daily transactions handled by Autotoll were about 366,000 with toll amount of approximately HK\$8.4 million. The number of subscribers for the Global Positioning System at the end of June was around 10,000.

Motoring School Operation

Alpha Hero Group (70% owned) which operates driving training schools, recorded a 6% decrease in the number of driving lessons demanded for the period under review as compared with the previous corresponding period. Tuition fees income, however, increased slightly as a result of increase in both lesson income unit rate and demand for motorcycle training courses.

Tunnel Operations

(I) Western Harbour Tunnel Company Limited (“WHTCL”) – 50% owned

Fuelled by improved economic sentiment, the average daily throughput of the Western Harbour Tunnel (“WHT”) for the first half year under review has increased to close to 60,000 vehicle journeys, representing an increase of 2.5% as compared with the last corresponding period, despite the implementation of its sixth toll increase effective from 1 January 2013. The average toll per vehicle increased from HK\$54.4 in the last corresponding period to HK\$59.6 in the first half year under review. WHT’s market share was maintained at 24% for the period. The revenue growth of WHTCL is expected to remain solid for the remaining period of the year under the new tolls along with anticipated increase in total cross harbour traffic induced by improving commercial activities.

(II) Tate’s Cairn Tunnel Company Limited (“TCTCL”) – 39.5% owned

The average daily throughput of the Tate’s Cairn Tunnel increased slightly from 55,400 vehicle journeys in the last corresponding period to 56,100 vehicle journeys during the first half year under review. The average toll per vehicle however decreased from HK\$19.6 in the last corresponding period to HK\$19.3 in the current period under review, due to a change in traffic mix caused by a drop in tunnel usage by goods vehicles. As a measure to enhance cashflow for the remaining period of the franchise, TCTCL has implemented its seventh toll increase effective from 1 August 2013. Toll increase for motorcycles is HK\$1 whereas toll charges for all other categories of vehicles are raised by HK\$2.

Management Discussion and Analysis

Commentary on Interim Results

(I) Review of 2013 Interim Results

The Group's unaudited profit attributable to shareholders for the six months ended 30 June 2013 amounted to HK\$192.3 million, a decrease of 1.3% as compared to HK\$194.8 million for the last corresponding period. Earnings per share were HK\$0.52. The decrease in 2013 interim result was primarily attributable to the impairment loss on fair value changes in securities investment. As a result, the negative performance of the treasury segment has overwhelmed the increase in profit contribution from tunnel operations during the period under review.

The Group's turnover for the period under review was HK\$121.5 million, a decrease of HK\$0.6 million or 0.5% as compared to the HK\$122.1 million recorded in the same period last year.

The motoring school operations recorded an increase in turnover of 2.6% to HK\$104.3 million as an aggregate result of improvement in tuition fees income due to higher lesson income unit rate despite a decrease in demand for driving lessons, and a welcomed 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 by 12.5% to HK\$203.4 million as compared to HK\$180.8 million in the last corresponding period due to improved performance of WHTCL. An increase in contribution from WHTCL during the period under review was attributable to an almost 12% increase in toll revenue after the implementation of toll increase in January 2013, and a decrease in finance costs after the full repayment of outstanding bank loan in December 2012. TCTCL, however, recorded a decrease in net profits for the current period as an aggregate result of a decrease in average toll per vehicle and an increase in operating costs. 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 was HK\$181.6 million and HK\$21.8 million respectively as compared to HK\$154.1 million and HK\$26.6 million recorded in the last corresponding period.

The Group's share of profit from a joint venture, Autotoll Limited, which operates an electronic toll collection system, was HK\$10.6 million for the first half year under review against HK\$9.4 million recorded in the last corresponding period, representing an increase of HK\$1.2 million or 12.8% as a result of an increase in administration fee income.

Revaluation deficits arising on certain available-for-sale securities totalling HK\$32.6 million were transferred from the investment revaluation reserve to the consolidated statement of profit or loss as a result of an impairment loss on those securities at 30 June 2013.

Management Discussion and Analysis

(II) Investments

As at 30 June 2013, the Group maintained a portfolio of investments, composed of listed securities and unlisted investments with an aggregate market value of HK\$603.6 million (31 December 2012: HK\$680.5 million). The decrease in portfolio balance was primarily due to negative fair value changes of certain available-for-sale securities as at the end of the reporting period. 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. As at 30 June 2013, these facilities were not utilized by the Group. Dividend and interest income received therefrom in the first six months amounted to HK\$12.4 million.

(III) Liquidity and Financial Resources

As at 30 June 2013, the Group had bank balances and deposits in the amount of HK\$972.9 million. The Group did not have any borrowings outstanding as at 30 June 2013 and 31 December 2012. Except for the Group's investment in available-for-sale and trading securities and bank deposits denominated in foreign currencies other than the United States dollars, the Group's major sources of income and major assets are denominated in Hong Kong dollars.

(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(b) of the interim financial report.

(V) Employees

The Group has 475 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\$53.8 million.

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 2013:

Name	Capacity	No. of shares	% of issued share capital
Cheung Chung Kiu	Interest of controlled corporation	155,254,432	41.66%

Note: The above interest of Mr. Cheung Chung Kiu ("Mr. C.K. Cheung") represents a long position. Mr. C.K. Cheung was deemed to be interested in the shares by virtue of his indirect interest in Honway Holdings Limited ("Honway") which owned those 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 International"). Mr. C.K. Cheung, Timmex Investment Limited (a company wholly owned by Mr. C.K. Cheung) and Chongqing Industrial Limited ("Chongqing Industrial") owned 0.57%, 9.16% and 34.33% of the issued share capital of Yugang International respectively. Chongqing Industrial was owned as to 35% by Mr. C.K. Cheung, as to 30% by Prize Winner Limited (a company owned by Mr. C.K. 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 ("PDT"), the trustee of which was Palin Holdings Limited ("Palin Holdings"). The objects of PDT included Mr. C.K. Cheung and his family.

Save as disclosed herein, as at 30 June 2013, 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 Code for Securities Transactions by Directors of the Company.

Share Options

The Company's existing share option scheme was adopted on 29 April 2005, the details of which are given in the circular dated 13 April 2005.

No option lapsed and no option was granted, exercised or cancelled during the reporting period. Nor were there any outstanding options at the beginning and at the end of the period.

Disclosure of Interests

Interests and Short Positions of Shareholders

As at 30 June 2013, 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	Interest of controlled corporation	155,254,432	41.66%
Chongqing Industrial	Interest of controlled corporation	155,254,432	41.66%
Yugang International	Interest of controlled corporation	155,254,432	41.66%
Yugang BVI	Interest of controlled corporation	155,254,432	41.66%
Funrise	Interest of controlled corporation	155,254,432	41.66%
Y. T. Realty	Interest of controlled corporation	155,254,432	41.66%
Y. T. Investment	Interest of controlled corporation	155,254,432	41.66%
Honway	Beneficial owner	155,254,432	41.66%

Note: Each parcel of 155,254,432 shares represents a long position and Honway's interest in the Company (which is also duplicated in Mr. C.K. Cheung's interest in the Company's shares). Palin Holdings, Chongqing Industrial, Yugang International, Yugang BVI, Funrise, Y. T. Realty and Y. T. Investment were deemed to be interested in those shares by virtue of their direct or indirect interest in Honway.

Save as disclosed herein, there was no person known to the directors of the Company, who, as at 30 June 2013, 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 30.

Corporate Governance Code

Throughout the accounting period covered by the interim report, the Company complied with the relevant code provisions of the Corporate Governance Code (the “CG Code”) set out within Appendix 14 to the Main Board Listing Rules (the “Listing Rules”) save that the Company has no formal letters of appointment for directors except the managing director setting out the key terms and conditions of their appointment, and has therefore deviated from D.1.4 of the CG Code. This notwithstanding, every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. Shareholders are sent (at the same time as the notice of the relevant general meeting) a circular containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the re-election of each retiring director who stands for re-election at the meeting, including the information required to be disclosed pursuant to Rule 13.51(2) of 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) at least as exacting as the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out within Appendix 10 to the Listing Rules.

All directors confirmed that they had 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.

Other Information

Review by Audit Committee

The interim report has been reviewed by the audit committee and KPMG. The audit committee has also reviewed the accounting principles and practices adopted by the Company and discussed internal control and financial reporting matters with the management.

Directors' Information

The Company has not been advised by its directors of any change in the information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules since its last update to shareholders.

On behalf of the board

Yeung Hin Chung, John
Managing Director

Hong Kong, 26 August 2013