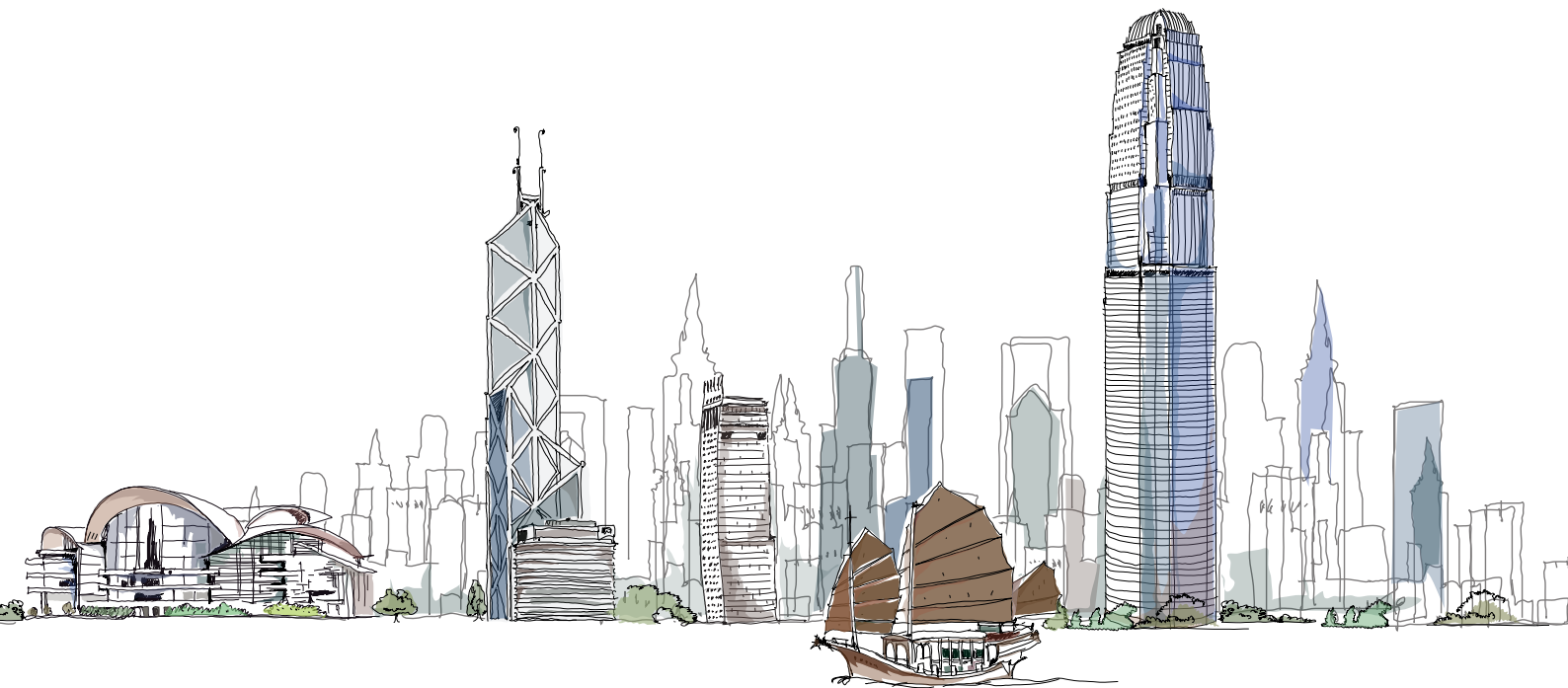




The Cross-Harbour (Holdings) Limited

(Stock Code : 32)

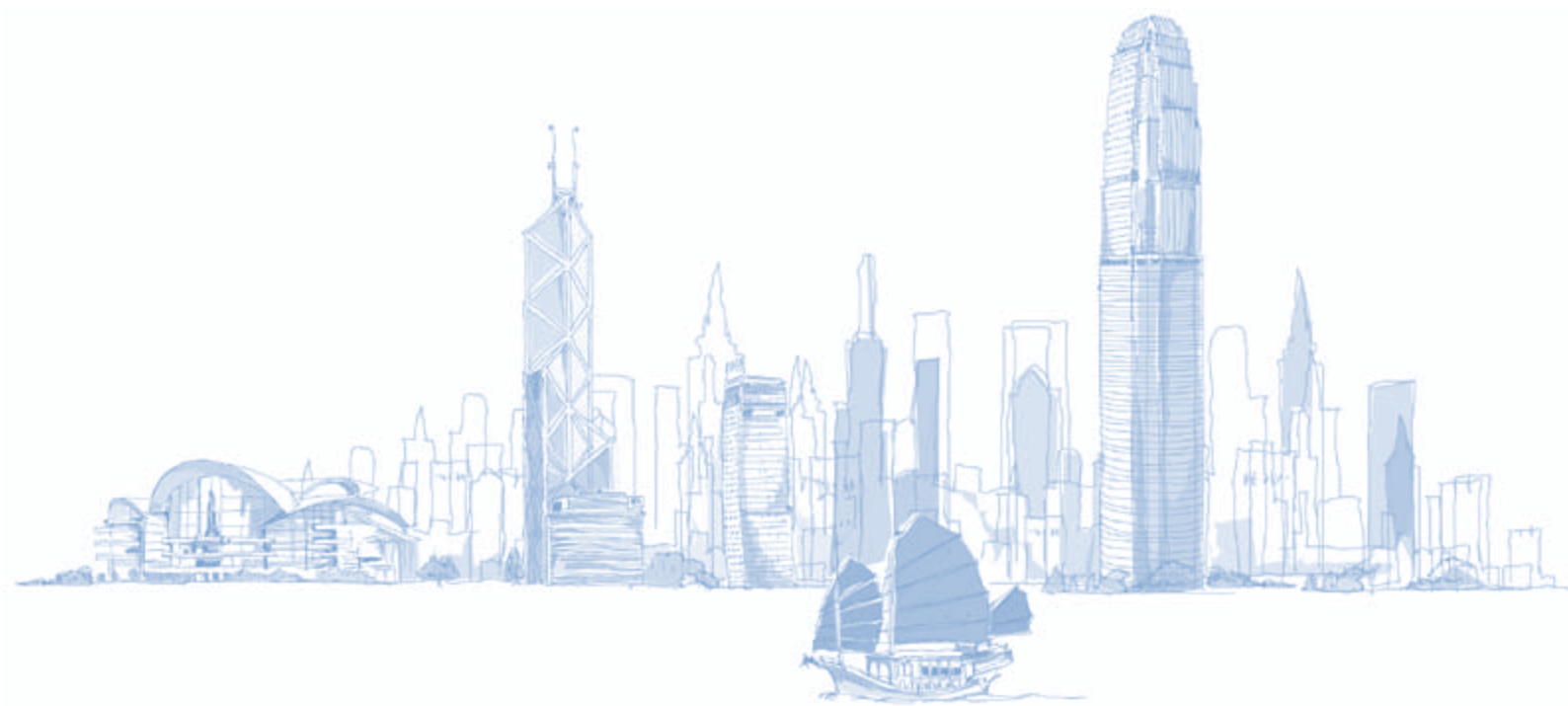


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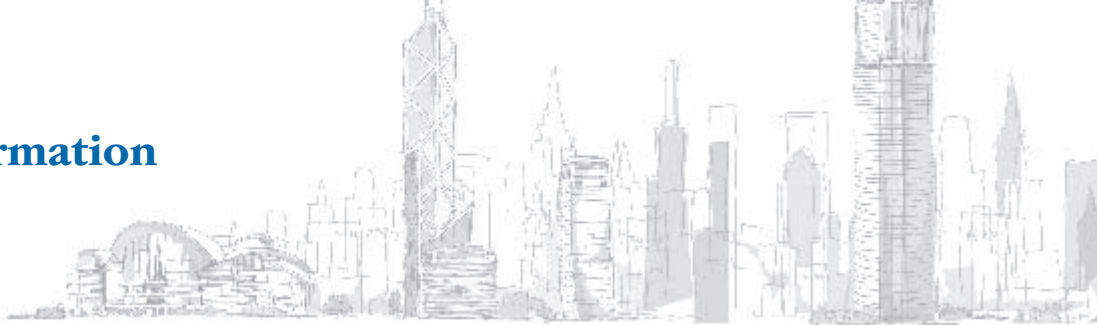


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Corporate Information



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

3301-3307, China Resources Building

26 Harbour Road

Wanchai

Hong Kong

Tel: (852) 2161 1888

Fax: (852) 2802 2080

Website: www.crossharbour.com.hk

Email: investors@crossharbour.com.hk

External Auditor

KPMG

Registrar & Transfer Office

Tricor Tengis Limited

Level 22, Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

Tel: (852) 2980 1333

Fax: (852) 2810 8185

Principal Banker

The Hongkong and Shanghai Banking
Corporation Limited

Share Listing

The Stock Exchange of Hong Kong Limited

Stock Code: 32



Consolidated Statement of Profit or Loss

For the six months ended 30 June 2014 - unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2014 \$'000	2013 \$'000
Turnover	2	167,106	121,490
Other revenue		12	372
Other net loss	3	(21,514)	(32,391)
Direct costs and operating expenses		(62,491)	(54,960)
Selling and marketing expenses		(8,848)	(7,116)
Administrative and corporate expenses		(37,910)	(29,800)
Profit/(loss) from operations		36,355	(2,405)
Finance costs	4(a)	(8)	(113)
Share of profits less losses of associates	8	222,840	203,405
Share of profits of a joint venture		12,560	10,599
Profit before taxation	4	271,747	211,486
Income tax	5	(11,153)	(6,272)
Profit for the period		260,594	205,214
Attributable to:			
Equity shareholders of the Company		239,749	192,303
Non-controlling interests		20,845	12,911
Profit for the period		260,594	205,214
Earnings per share	6		
Basic and diluted		64 cents	52 cents

The notes on pages 9 to 26 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 13.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2014 - unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2014 \$'000	2013 \$'000
Profit for the period		260,594	205,214
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	7	(8,663)	(44,023)
Share of other comprehensive income of a joint venture:			
Exchange differences on translation of financial statements of overseas subsidiary and joint venture		(6)	35
		(8,669)	(43,988)
Total comprehensive income for the period		251,925	161,226
Attributable to:			
Equity shareholders of the Company		231,082	148,305
Non-controlling interests		20,843	12,921
Total comprehensive income for the period		251,925	161,226

The notes on pages 9 to 26 form part of this interim financial report.

Consolidated Statement of Financial Position

As at 30 June 2014 - unaudited
(Expressed in Hong Kong dollars)

		30 June 2014		31 December 2013	
	Note	\$'000	\$'000	\$'000	\$'000
Non-current assets					
Fixed assets					
– Property, plant and equipment			118,885		126,734
– Interest in leasehold land held for own use			<u>24,066</u>		<u>24,432</u>
			142,951		151,166
Interest in associates	8		2,083,962		2,227,405
Interest in a joint venture			68,988		56,434
Available-for-sale securities	9		465,918		459,867
Deferred tax assets			<u>2,750</u>		<u>2,750</u>
			2,764,569		2,897,622
Current assets					
Trading securities			188,501		180,098
Inventories			1,304		1,026
Trade and other receivables	10		22,588		21,940
Taxation recoverable			—		2,108
Bank deposits and cash	11		<u>1,503,346</u>		<u>1,174,732</u>
			<u>1,715,739</u>		<u>1,379,904</u>
Current liabilities					
Trade and other payables	12		31,871		53,374
Course fees received in advance			161,539		156,014
Taxation payable			21,756		13,515
Dividends payable			<u>25,027</u>		<u>2,240</u>
			<u>240,193</u>		<u>225,143</u>
Net current assets			<u>1,475,546</u>		<u>1,154,761</u>

Consolidated Statement of Financial Position

As at 30 June 2014 - unaudited

(Expressed in Hong Kong dollars)

		30 June 2014		31 December 2013	
	Note	\$'000	\$'000	\$'000	\$'000
Total assets less current liabilities			4,240,115		4,052,383
Non-current liabilities					
Loan from an associate	8		223,333		205,518
Deferred tax liabilities			332		332
			<u>223,665</u>		<u>205,850</u>
NET ASSETS			<u>4,016,450</u>		<u>3,846,533</u>
CAPITAL AND RESERVES					
Share capital: nominal value			—		372,688
Share premium			—		1,256,773
Share capital and share premium					
	13 (b)		1,629,461		1,629,461
Other reserves			2,277,753		2,113,754
Total equity attributable to equity shareholders of the Company			3,907,214		3,743,215
Non-controlling interests			109,236		103,318
TOTAL EQUITY			<u>4,016,450</u>		<u>3,846,533</u>

The notes on pages 9 to 26 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014 - unaudited

(Expressed in Hong Kong dollars)

Attributable to equity shareholders of the Company

Note	Share capital	Share premium	Capital reserve	Investment revaluation reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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	13 (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	13 (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
Changes in equity for the six months ended 31 December 2013:									
Profit for the period	—	—	—	—	—	247,875	247,875	23,097	270,972
Other comprehensive income	—	—	—	37,172	(7)	—	37,165	(2)	37,163
Total comprehensive income for the period	—	—	—	37,172	(7)	247,875	285,040	23,095	308,135
Non-controlling interest's share of dividends		—	—	—	—	—	—	(19,859)	(19,859)
Dividend declared in respect of the current financial year		—	—	—	—	(44,723)	(44,723)	—	(44,723)
Balance at 31 December 2013	372,688	1,256,773	1,984	53,280	254	2,058,236	3,743,215	103,318	3,846,533

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014 - unaudited

(Expressed in Hong Kong dollars)

Attributable to equity shareholders of the Company

Note	Share	Share	Capital	Investment	Exchange	Retained	Total	Non-	Total
	capital	premium		reserve				revaluation	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2014	372,688	1,256,773	1,984	53,280	254	2,058,236	3,743,215	103,318	3,846,533
Changes in equity for the six months ended 30 June 2014:									
Profit for the period	—	—	—	—	—	239,749	239,749	20,845	260,594
Other comprehensive income	—	—	—	(8,663)	(4)	—	(8,667)	(2)	(8,669)
Total comprehensive income for the period	—	—	—	(8,663)	(4)	239,749	231,082	20,843	251,925
Dividends approved in respect of the previous financial year	13 (a)	—	—	—	—	(44,722)	(44,722)	—	(44,722)
Non-controlling interest's share of dividends		—	—	—	—	—	—	(14,925)	(14,925)
Dividend declared in respect of the current financial year	13 (a)	—	—	—	—	(22,361)	(22,361)	—	(22,361)
Transition to no-par value regime on 3 March 2014	13 (b)	1,256,773	(1,256,773)	—	—	—	—	—	—
Balance at 30 June 2014	<u>1,629,461</u>	<u>—</u>	<u>1,984</u>	<u>44,617</u>	<u>250</u>	<u>2,230,902</u>	<u>3,907,214</u>	<u>109,236</u>	<u>4,016,450</u>

The notes on pages 9 to 26 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014 - unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2014 \$'000	2013 \$'000
Operating activities			
Cash generated from operations		36,593	32,471
Tax paid		(804)	(480)
Net cash generated from operating activities		<u>35,789</u>	<u>31,991</u>
Investing activities			
Increase in deposits with banks			
with maturity over three months		(11,532)	(121,559)
Payments for purchase of available-for-sale securities		(44,656)	—
Repayment of loan by an associate		—	75,000
Dividends received from associates		366,295	193,962
Other cash flows arising from investing activities		30,415	24,851
Net cash generated from investing activities		<u>340,522</u>	<u>172,254</u>
Financing activities			
Dividends paid to equity shareholders of the company		(44,296)	(46,735)
Other cash flows arising from financing activities		(14,933)	(13,239)
Net cash used in financing activities		<u>(59,229)</u>	<u>(59,974)</u>
Net increase in cash and cash equivalents		317,082	144,271
Cash and cash equivalents at 1 January		<u>1,063,037</u>	<u>676,461</u>
Cash and cash equivalents at 30 June	11	<u>1,380,119</u>	<u>820,732</u>

The notes on pages 9 to 26 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 2014.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements.

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. However, none of these developments are relevant to the Group’s interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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 2013 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 27.

The financial information relating to the financial year ended 31 December 2013 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 2013 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 25 March 2014.



Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

2 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	
	2014	2013
	\$'000	\$'000
Principal activities		
Motoring school operations	144,776	104,312
Investment and other activities	22,330	17,178
	<u>167,106</u>	<u>121,490</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)

2 Turnover and segment reporting (continued)

(b) Segment reporting (continued)

(i) Segment results and assets

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities 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. Segment liabilities include trade creditors attributable to the sales activities and the accruals of the individual segments and dividend payable and taxation payable managed directly by the segments with the exception of other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue 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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	144,776	104,312	1,250	1,250	2,400	2,400	2,514	1,936	1,002	1,002	151,942	110,900
Inter-segment revenue	-	-	-	-	-	-	-	-	6,433	6,433	6,433	6,433
Interest revenue	2,249	1,351	-	-	-	-	12,915	9,239	-	-	15,164	10,590
Reportable segment revenue	147,025	105,663	1,250	1,250	2,400	2,400	15,429	11,175	7,435	7,435	173,539	127,923
Reportable segment profit/(loss) before tax	66,384	37,027	224,090	204,655	14,852	12,890	(8,301)	(21,629)	(8,793)	(8,799)	288,232	224,144
Depreciation	1,867	1,733	-	-	-	-	-	-	8,364	8,521	10,231	10,254
Share of profits less losses of associates	-	-	222,840	203,405	-	-	-	-	-	-	222,840	203,405
Share of profits of a joint venture	-	-	-	-	12,560	10,599	-	-	-	-	12,560	10,599
Income tax	10,874	6,002	-	-	279	279	-	(8)	-	(1)	11,153	6,272
Reportable segment assets at 30 June 2014/31 December 2013	505,033	468,339	2,083,963	2,227,405	70,127	71,772	1,716,262	1,397,709	104,398	111,875	4,479,783	4,277,100

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

2 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	
	2014	2013
	\$'000	\$'000
Revenue		
Reportable segment revenue	173,539	127,923
Elimination of inter-segment revenue	(6,433)	(6,433)
Consolidated turnover	<u>167,106</u>	<u>121,490</u>

	Six months ended 30 June	
	2014	2013
	\$'000	\$'000
Profit		
Reportable segment profit derived from Group's external customers	288,232	224,144
Other revenue	12	372
Unallocated head office and corporate income and expenses	(16,497)	(13,030)
Consolidated profit before taxation	<u>271,747</u>	<u>211,486</u>

	At	At
	30 June	31 December
	2014	2013
	\$'000	\$'000
Assets		
Reportable segment assets	4,479,783	4,277,100
Unallocated head office and corporate assets	525	426
Consolidated total assets	<u>4,480,308</u>	<u>4,277,526</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)



3 Other net loss

	Six months ended 30 June	
	2014	2013
	\$'000	\$'000
Net realised and unrealised gains/(losses) on trading securities	8,403	(339)
Available-for-sale securities: reclassified from equity on impairment	(29,942)	(32,559)
Net gains on sale of fixed assets	25	507
	<u>(21,514)</u>	<u>(32,391)</u>

4 Profit before taxation

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

	Six months ended 30 June	
	2014	2013
	\$'000	\$'000
(a) Finance costs		
Other borrowing costs	<u>8</u>	<u>113</u>
(b) Other items		
Depreciation	10,231	10,254
Cost of inventories consumed	3,798	3,386
Contributions to defined contribution retirement schemes	2,431	2,270
Dividend income from listed investments	(2,468)	(1,809)
Interest income	<u>(15,164)</u>	<u>(10,590)</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

5 Income tax

	Six months ended 30 June	
	2014	2013
	\$'000	\$'000
Current tax – Hong Kong Profits Tax	11,153	6,260
Deferred taxation	—	12
	<u>11,153</u>	<u>6,272</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the six months ended 30 June 2014.

Share of taxation of associates for the six months ended 30 June 2014 amounted to \$49.1 million (2013: \$45.4 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 2014 amounted to \$2.5 million (2013: \$1.6 million) was included in share of profits of a joint venture in the consolidated statement of profit or loss.

6 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 \$239,749,000 (2013: \$192,303,000) and the weighted average of 372,688,206 ordinary shares (2013: 372,688,206 ordinary shares) in issue during the period.

7 Other comprehensive income

	Six months ended 30 June	
	2014	2013
	\$'000	\$'000
Available-for-sale securities:		
Changes in fair value recognised during the period	(38,605)	(76,582)
Reclassification adjustment for amounts transferred to profit or loss on impairment	<u>29,942</u>	<u>32,559</u>
Net movement in the investment revaluation reserve recognised during the period	<u>(8,663)</u>	<u>(44,023)</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)



8 Interest in associates

	At 30 June 2014 \$'000	At 31 December 2013 \$'000
Share of net assets	2,048,662	2,188,117
Goodwill	32,400	36,400
Amount due from an associate	417	417
Loan to and interest receivable from an associate	<u>2,483</u>	<u>2,471</u>
	<u>2,083,962</u>	<u>2,227,405</u>
Loan from an associate	<u>223,333</u>	<u>205,518</u>

- (a) The following list contains only the particulars of material associates, all of which are unlisted corporate entities whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation and business	Proportion of ownership interest			Principal activity	Financial year end
			Group's effective interest	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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

8 Interest in associates (continued)

- (b) All of the above associates are accounted for using the equity method in the consolidated financial statements based on the financial statements of WHTCL and TCTCL for the six months ended 30 June 2014 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.
- (e) The amount due from an associate is unsecured, interest free and repayable on demand. The amount is classified as non-current as the directors do not intend to demand repayment within the next twelve months.
- (f) The loan to an associate is unsecured and bears interest at a rate of 1% per annum as determined by the shareholders of that associate. Interest earned by the Group from the associate for the six months ended 30 June 2014 amounted to \$12,000 (2013: \$372,000). 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.
- (g) The loan from an associate is unsecured and interest free. The loan is classified as non-current as it is not repayable within the next twelve months.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

8 Interest in associates (continued)

- (h) Summarised financial information of the material associate, WHTCL, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	Note	Six months ended 30 June	
		2014 \$'000	2013 \$'000
Gross amounts of the associate's			
Revenue			
Toll revenue		689,253	646,794
Other revenue	(i)	17,396	16,424
		<u>706,649</u>	<u>663,218</u>
Other income		1,173	66
Expenditure			
Operating and administrative expenses		(48,574)	(46,377)
Rates and government rent		(27,111)	(24,479)
Amortisation and depreciation	(ii)	(152,940)	(143,686)
Operating profit before finance charges		479,197	448,742
Interest on shareholders' loans		(24)	(745)
Other finance costs		—	(698)
Profit before taxation		479,173	447,299
Income tax	(iii)	(79,905)	(74,761)
Profit and total comprehensive income		<u>399,268</u>	<u>372,538</u>
Group's effective interest		50%	50%
Group's share of profit and total comprehensive income		199,634	186,269
Fair value adjustments		(4,677)	(4,677)
		<u>194,957</u>	<u>181,592</u>
Dividend received from the associate		<u>318,500</u>	<u>151,000</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

8 Interest in associates (continued)

- (h) Summarised financial information of the material associate, WHTCL, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below: (continued)

	At 30 June 2014 Note	At 31 December 2013 \$'000
Gross amounts of the associate's		
Current assets	311,349	315,244
Non-current assets	3,577,847	3,727,249
Current liabilities	(iv) (256,188)	(160,795)
Non-current liabilities		
Deferred tax liabilities	(497,795)	(508,777)
Shareholders' loans	(4,967)	(4,943)
Equity	<u>3,130,246</u>	<u>3,367,978</u>
Reconciled to the Group's interest in associates		
Gross amounts of net assets of the associate	3,130,246	3,367,978
Group's effective interest	50%	50%
Group's share of net assets of the associate	1,565,123	1,683,989
Fair value adjustments	84,848	89,525
Amount due from the associate	417	417
Loan to and interest receivable from the associate	<u>2,483</u>	<u>2,471</u>
Carrying amount in the consolidated financial statements	<u>1,652,871</u>	<u>1,776,402</u>

Note:

- (i) Other revenue includes income from telecommunications network providers and outdoor advertising site rental.
- (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) Taxation includes the current and deferred income tax for the period. The provision for Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the period ended 30 June 2014.
- (iv) Current liabilities include current tax liabilities of \$189.5 million (2013: \$98.6 million).

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

8 Interest in associates (continued)

- (i) Summarised financial information of the material associate, TCTCL, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	Six months ended 30 June	
	2014	2013
	\$'000	\$'000
Gross amounts of the associate's		
Revenue	226,730	205,862
Profit and total comprehensive income	118,403	103,193
Group's effective interest	39.5%	39.5%
Group's share of profit and total comprehensive income	46,769	40,761
Fair value adjustments	(14,946)	(14,946)
	<u>31,823</u>	<u>25,815</u>
Dividend received from the associate	<u>47,795</u>	<u>41,712</u>
	At	At
	30 June	31 December
	2014	2013
	\$'000	\$'000
Gross amounts of the associate's		
Current assets	35,834	30,963
Non-current assets	816,105	801,314
Current liabilities	(104,602)	(77,356)
Non-current liabilities	(40,840)	(45,827)
Equity	<u>706,497</u>	<u>709,094</u>
Reconciled to the Group's interest in associates		
Gross amount of net assets of the associate	706,497	709,094
Group's effective interest	39.5%	39.5%
Group's share of net assets of the associate	279,066	280,092
Fair value adjustments	119,474	134,420
Goodwill	<u>32,400</u>	<u>36,400</u>
Carrying amount in the consolidated financial statements	<u>430,940</u>	<u>450,912</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

8 Interest in associates (continued)

(j) Information of an associate that is not individually material:

	Six months ended 30 June	
	2014	2013
	\$'000	\$'000
Amount of the Group's share of the associate		
– Profit/(loss) from continuing operations	60	(2)
– Post-tax profit or loss from discontinued operations	—	—
– Other comprehensive income	—	—
– Total comprehensive income	<u>60</u>	<u>(2)</u>
	At	At
	30 June	31 December
	2014	2013
	\$'000	\$'000
Carrying amount of an individually immaterial associate in the consolidated financial statements	<u>151</u>	<u>91</u>

9 Available-for-sale securities

	At	At
	30 June	31 December
	2014	2013
	\$'000	\$'000
Listed in Hong Kong	299,408	303,338
Listed outside Hong Kong	105,185	96,240
Unlisted securities	<u>61,325</u>	<u>60,289</u>
	<u>465,918</u>	<u>459,867</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)



10 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 2014 \$'000	At 31 December 2013 \$'000
Current	5,275	4,113
Less than 1 month past due	757	625
1 to 3 months past due	464	453
More than 3 months but less than 12 months past due	<u>568</u>	<u>55</u>
Trade receivables, net of allowance for doubtful debts	7,064	5,246
Other receivables	<u>5,207</u>	<u>2,874</u>
Trade and other receivables	12,271	8,120
Deposits and prepayments	<u>10,317</u>	<u>13,820</u>
	<u>22,588</u>	<u>21,940</u>

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

11 Bank deposits and cash

	At 30 June 2014 \$'000	At 31 December 2013 \$'000
Deposits with banks and other financial institutions	1,392,837	846,085
Cash at bank and in hand	<u>110,509</u>	<u>328,647</u>
Bank deposits and cash in the consolidated statement of financial position	1,503,346	1,174,732
Less: Deposits with maturity over three months	<u>(123,227)</u>	<u>(111,695)</u>
Cash and cash equivalents in the condensed consolidated statement of cash flows	<u>1,380,119</u>	<u>1,063,037</u>

At 30 June 2014, \$20,058,000 (31 December 2013: \$19,565,000) were pledged to a financial institution as security against treasury facilities granted to the Group.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

12 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 2014 \$'000	At 31 December 2013 \$'000
Within 1 month	1,590	406
1 month to 3 months	216	373
Over 3 months but within 6 months	<u>1,863</u>	<u>1,270</u>
Trade payables	3,669	2,049
Other payables and accrued charges	<u>28,202</u>	<u>51,325</u>
	<u>31,871</u>	<u>53,374</u>

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

13 Capital, reserves and dividends

(a) Dividends

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

	Six months ended 30 June	
	2014 \$'000	2013 \$'000
First interim dividend declared during the interim period of 6 cents per share (2013: 6 cents per share)	22,361	22,361
Second interim dividend declared after the interim period of 6 cents per share (2013: 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.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)



13 Capital, reserves and dividends (continued)

(a) Dividends (continued)

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

	Six months ended 30 June	
	2014	2013
	\$'000	\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period of 12 cents per share (2013: 12 cents per share)	<u>44,722</u>	<u>44,722</u>

(b) Share capital

As at 31 December 2013, 1,000,000,000 ordinary shares with par value of \$1 each were authorised for issue. Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concepts of “authorised share capital” and “par value” no longer exist. As part of the transition to the no-par value regime, the amounts standing to the credit of the share premium account on 3 March 2014 have become part of the Company’s share capital, under the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622). These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the members.

Movements of the Company’s ordinary shares are set out below:

	2014		2013	
	No. of shares '000	Amount \$'000	No. of shares '000	Amount \$'000
Ordinary shares, issued and fully paid:				
At 1 January	372,688	372,688	372,688	372,688
Transition to no-par value regime on 3 March 2014	<u>—</u>	<u>1,256,773</u>	<u>—</u>	<u>—</u>
At 30 June/31 December	<u>372,688</u>	<u>1,629,461</u>	<u>372,688</u>	<u>372,688</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

13 Capital, reserves and dividends (continued)

(c) Share premium

Prior to 3 March 2014, the application of the share premium account was governed by section 48B of the predecessor Hong Kong Companies Ordinance (Cap. 32). In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014 any amount standing to the credit of the share premium account has become part of the Company's share capital (see note 13(b)). The use of share capital as from 3 March 2014 is governed by the new Hong Kong Companies Ordinance (Cap. 622).

14 Fair value measurement of financial instruments

Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

For financial instruments traded in inactive markets, their fair value measurements are based on net asset values provided by the relevant investment fund manager.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)



14 Fair value measurement of financial instruments (continued)

Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

	Fair value at	Fair value measurements as at			Fair value at	Fair value measurements as at		
	30 June	30 June 2014 categorised into			31 December	31 December 2013 categorised into		
	2014	Level 1	Level 2	Level 3	2013	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements								
Assets								
Available-for-sale securities:								
– Listed	404,593	404,593	—	—	399,578	399,578	—	—
– Unlisted	61,325	38,068	23,257	—	60,289	37,023	23,266	—
Trading securities:								
– Listed	92,385	92,385	—	—	88,830	88,830	—	—
– Unlisted	96,116	—	61,046	35,070	91,268	—	56,289	34,979
	<u>654,419</u>	<u>535,046</u>	<u>84,303</u>	<u>35,070</u>	<u>639,965</u>	<u>525,431</u>	<u>79,555</u>	<u>34,979</u>

During the six months ended 30 June 2014, there were no transfers between Level 1 and Level 2 or transfer into or out of Level 3 (2013: 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.

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.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs
Unlisted trading securities	Net asset value	N/A

The Group's unlisted trading securities categorised in Level 3 comprise an unlisted investment fund, the fair value of which is based on its net asset value. The fair values of the fund's underlying investments are determined by the investment fund manager based on a forward price/earnings multiple arrived at by comparison with publicly-traded competitors and after applying a liquidity discount.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

14 Fair value measurement of financial instruments (continued)

Information about Level 3 fair value measurements (continued)

The movements during the period in the balance of Level 3 fair value measurements are as follows:

	2014	2013
	\$'000	\$'000
Unlisted trading securities:		
At 1 January	34,979	—
Changes in fair value recognised in profit or loss during the period	<u>91</u>	<u>—</u>
At 30 June	<u>35,070</u>	<u>—</u>
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	<u>91</u>	<u>—</u>

The gains arising from the changes in fair value of unlisted trading securities are presented in “Other net loss” in the consolidated statement of profit or loss.

15 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 Group extended a loan to and received interest from an associate, Western Harbour Tunnel Company Limited. The balance of the loan and interest receivable at 30 June 2014 was \$2.5 million (31 December 2013: \$2.5 million).

The Group received interest income and management fee income from WHTCL of \$12,000 (2013: \$372,000) and \$1.3 million (2013: \$1.3 million) respectively.

- (b) The Group received a loan from an associate, Tate's Cairn Tunnel Company Limited. The balance of the loan at 30 June 2014 was \$223.3 million (31 December 2013: \$205.5 million).

- (c) The Group received consultancy fees and management fee income from a joint venture of \$1.8 million (2013: \$1.8 million) and \$0.6 million (2013: \$0.6 million) respectively.

16 Non-adjusting event after the reporting period

On 26 August 2014, the Directors proposed a second interim dividend. Further details are set out in note 13(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 26 which comprises the consolidated statement of financial position of The Cross-Harbour (Holdings) Limited as of 30 June 2014 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 2014 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 2014



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 2014. The interim results have been reviewed by the audit committee and KPMG. KPMG’s review report is set out on page 27.

The Group’s unaudited profit attributable to shareholders for the first half of 2014 amounted to HK\$239.7 million, a 24.7% increase as compared with HK\$192.3 million for the first half of 2013. Earnings per share were HK\$0.64 against HK\$0.52 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 11 July 2014. Your directors have today declared a second quarterly interim dividend of HK\$0.06 per share payable on 23 September 2014 to shareholders registered on 17 September 2014.

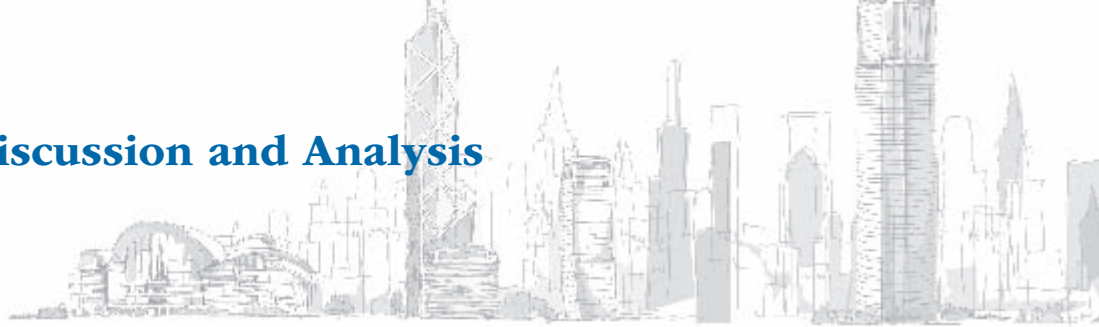
Closure of Books

The register of members and transfer books of the Company will be closed from Monday, 15 September 2014 to Wednesday, 17 September 2014, both days inclusive, during which period no transfer of shares in the Company shall be effected. In order to qualify for the second quarterly interim dividend, all transfer documents and accompanying share certificates must be lodged with Tricor Tengis Limited for registration by 4:30 p.m., Friday, 12 September 2014.

Business Review and Prospects

The Hong Kong economy continued to recover slowly and its GDP merely grew by 2.5% in the first quarter of the year. Sluggish trade performance was driven by weak demand from Asian markets and exports to Mainland China fell 1.5% during the first four months. Nevertheless, the slowdown was mainly due to lacklustre private consumption despite a moderate growth in household income in recent years. Besides being affected by scant global demand, Mainland China’s economic growth momentum gradually weakened under a new stage of restructuring; while intensive anticorruption measures also dampened spending. Though the global economy got off to a bumpy start at the beginning of the year, the worldwide economic outlook in the near term is expected to improve with much of the impetus coming from advanced economies. External demand will become the main driving force of the Hong Kong economy in the second half of the year. Exports to the U.S. and Europe have returned to positive growth and are likely to accelerate. Local labour market remains stable and helps to support local consumption growth as well as mitigate the negative impact from the slowdown in tourism consumption. Further, the rebound of private sector building construction activities will continue to support investment growth and the full year GDP is expected at around 3.3% which is still lower than the trend in the past ten years.

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 2014 was about 287,000. 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 376,000 with toll amount of approximately HK\$8.7 million. The number of subscribers for the Global Positioning System at the end of June was close to 11,000.

Motoring School Operation

Alpha Hero Group (70% owned) which operates driving training schools, recorded not only a 6% 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 the demand for motorcycle training courses. This was the result of the continuing efforts by the management in brand rejuvenation.

Tunnel Operations

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

Despite the softer private consumption growth of the economy, the average daily throughput of the Western Harbour Tunnel (“WHT”) for the first half year under review, however, has increased to close to 63,600 vehicle journeys, representing an increase of 6% as compared with the last corresponding period and outperformed the minimal growth of the total cross-harbour traffic in the same period. WHT’s market share increased to over 25% for the period as a result of the reduced traffic at the Cross-Harbour Tunnel at Hung Hom.

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

Though the average daily throughput of the Tate’s Cairn Tunnel decreased slightly from 56,100 vehicle journeys in the last corresponding period to 55,800 vehicle journeys during the first half year under review, TCTCL recorded an almost 11% increase in toll revenue as a result of its seventh toll increase implemented in August 2013. The average toll per vehicle increased from HK\$19.3 in the last corresponding period to HK\$21.5 in the current period under review.

Management Discussion and Analysis

Commentary on Interim Results

(I) Review of 2014 Interim Results

The Group's unaudited profit attributable to shareholders for the six months ended 30 June 2014 amounted to HK\$239.7 million, an increase of 24.7% as compared to HK\$192.3 million for the last corresponding period. Earnings per share were HK\$0.64. The increase in 2014 interim result was attributable to an increase in contributions from both tunnel operations and motoring school operations, mitigating the negative performance of the treasury segment resulting from impairment loss on fair value changes in securities investment during the period under review.

The Group's turnover for the period under review was HK\$167.1 million, an increase of HK\$45.6 million or 37.5% as compared to the HK\$121.5 million recorded in the same period last year.

The motoring school operations recorded an increase in turnover of 38.8% to HK\$144.8 million as an aggregate result of significant improvement in tuition fees income due to an increase in both demand for driving lessons and lesson income unit rate, and a pleasing 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 9.5% to HK\$222.8 million as compared to HK\$203.4 million in the last corresponding period due to improved performance of both WHTCL and TCTCL. An increase in contribution from WHTCL during the period under review was attributable to a 6.6% increase in toll revenue. TCTCL also registered a 10.7% increase in toll income as a result of new tolls implemented in the second half of 2013. 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\$195.0 million and HK\$27.8 million respectively as compared to HK\$181.6 million and HK\$21.8 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\$12.6 million for the first half year under review against HK\$10.6 million recorded in the last corresponding period, representing an increase of HK\$2.0 million or 18.9% as a result of an increase in both administration fee income and project income.

The Group's treasury investment recorded a net realised and unrealised gain of HK\$8.4 million on trading securities for first half year under review against HK\$0.3 million losses recorded in the last corresponding period. Revaluation deficits arising on certain available-for-sale securities totalling HK\$29.9 million, as compared to HK\$32.6 million recorded in the last corresponding period, were transferred from the investment revaluation reserve to the consolidated statement of profit or loss as a result of impairment losses on those securities at 30 June 2014.

Management Discussion and Analysis



(II) Investments

As at 30 June 2014, the Group maintained a portfolio of investments, composed of listed securities and unlisted investments with an aggregate market value of HK\$654.4 million (31 December 2013: HK\$640.0 million). The increase in portfolio balance, before the negative fair value changes of certain available-for-sale securities as at the end of the reporting period, 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. As at 30 June 2014, these facilities were not utilized by the Group. Dividend and interest income received therefrom in the first six months amounted to HK\$17.6 million.

(III) Liquidity and Financial Resources

As at 30 June 2014, the Group had bank balances and deposits in the amount of HK\$1,503.3 million. The Group did not have any debts outstanding as at 30 June 2014 and 31 December 2013. 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 joint venture 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 2(b) of the interim financial report.

(V) Employees

The Group has 469 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 board of directors, depending upon the financial performance of the Group. Total staff costs for the first six months amounted to HK\$65.3 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 2014:

Name	Capacity	No. of shares	% of number of shares in issue
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 number of shares of Y. T. Realty in issue. 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 number of shares of Yugang International in issue 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, the trustee of which was Palin Holdings Limited ("Palin Holdings") and the objects of which included Mr. C.K. Cheung and his family.

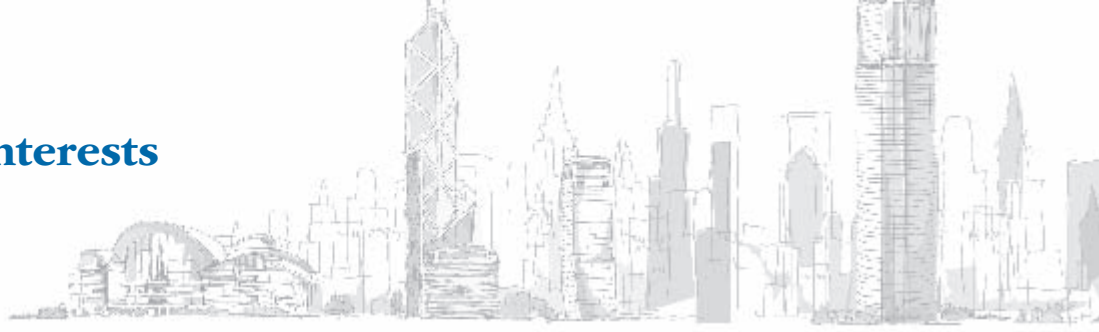
Save as disclosed herein, as at 30 June 2014, there was no interest recorded in the register kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Code for Securities Transactions by Directors of the Company.

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 2014, 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 number of shares in issue
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 2014, had, or was deemed to have, any interest or short position in the shares and underlying shares of the Company as recorded in the register kept under section 336 of the SFO, other than as disclosed on page 32.

Corporate Governance Code

Throughout the accounting period covered by the interim report, the Company complied with the 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

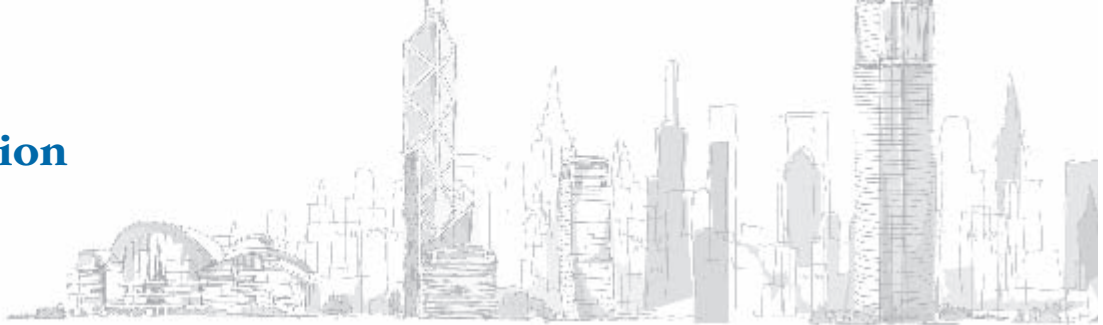
The Company has adopted codes of conduct regarding securities transactions by directors and by relevant employees (within the meaning of the CG Code) no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out within Appendix 10 to the Listing 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 2014

