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THE CROSS-HARBOUR (HOLDINGS) LIMITED

港通控股有限公司

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

DISCLOSEABLE TRANSACTION ACQUISITION OF 100% INTEREST IN HIGH FORTUNE GROUP LIMITED

The Board announces that on 21 February 2008, the Company and CMHI entered into the S&P Agreement, pursuant to which (i) CMHI agreed to sell and the Company agreed to acquire the Sale Share; and (ii) CMHI agreed to sell and assign and the Company agreed to purchase and take assignment of the Sale Loan for an aggregate consideration of HK\$460,000,000, payable in cash by the Company to CMHI at Completion. The Sale Share represents the entire issued share capital in High Fortune and the Sale Loan represents the entire shareholder's loan due from High Fortune to CMHI. High Fortune is an investment holding company incorporated in the BVI and holds a 13% interest in each of WHT, HKTHM and HKTLM.

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

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

A circular containing, among other things, further details of the Acquisition, will be despatched to the Shareholders as soon as practicable.

THE S&P AGREEMENT

The Company and CMHI entered into the S&P Agreement with the following particulars :

Date

21 February 2008

Parties

Vendor : CMHI
Purchaser : the Company

Assets to be acquired

Pursuant to the S&P Agreement, (i) CMHI agreed to sell and the Company agreed to acquire the Sale Share; and (ii) CMHI agreed to sell and assign and the Company agreed to purchase and take assignment of the Sale Loan. The Sale Share represents the entire issued share capital in High Fortune and the entire shareholder's loan due from High Fortune to CMHI. High Fortune is an investment holding company incorporated in the BVI and holds a 13% interest in each of WHT, HKTHM and HKTLM (please see below for descriptions of these three companies).

Consideration

The aggregate consideration for the Sale Share and the Sale Loan is HK460,000,000, which is on a dollar for dollar basis in respect of the Sale Loan and the remainder of such aggregate consideration is attributable to the Sale Share. The Consideration is payable in cash by the Company to CMHI at Completion.

The Consideration which is to be financed from internal resources of the Group, was determined after arm's length negotiations between the parties to the S&P Agreement, based on the net asset value of High Fortune with reference to the latest audited financial statements and management accounts of High Fortune.

CONDITIONS PRECEDENT

The Completion is conditional upon the fulfillment (or waived by the Purchaser and the Vendor) of the following:

- (a) approval by the Company in general meeting of the S&P Agreement and the transactions contemplated thereunder if so required under the Listing Rules;
- (b) the obtaining of all necessary approvals and consents to the transactions contemplated under the S&P Agreement from the Government of Hong Kong, the other shareholders of WHT, HKTHM and HKTLM, and from banks and other financial institutions; and
- (c) the release and discharge of the Vendor and CM from all of its obligations under all of its obligations under various guarantees, indemnities, performance undertakings, loan agreement and shareholders' agreements with respect to High Fortune, WHT, HKTHM and HKTLM.

If the above conditions have not been fulfilled or waived by the Purchaser and the Vendor on or before 30 June, 2009 or such later date as the parties may agree, the S&P Agreement (except clauses on announcement and confidentiality, assignment, notices and other communication and governing law) shall lapse and no party thereto shall, save for any antecedent breach, have any claim of any nature thereunder against the other party.

COMPLETION

Completion shall take place on the fifth Business Day after the date on which all the conditions precedent to Completion have been satisfied or such other date as the Purchaser and the Vendor may agree.

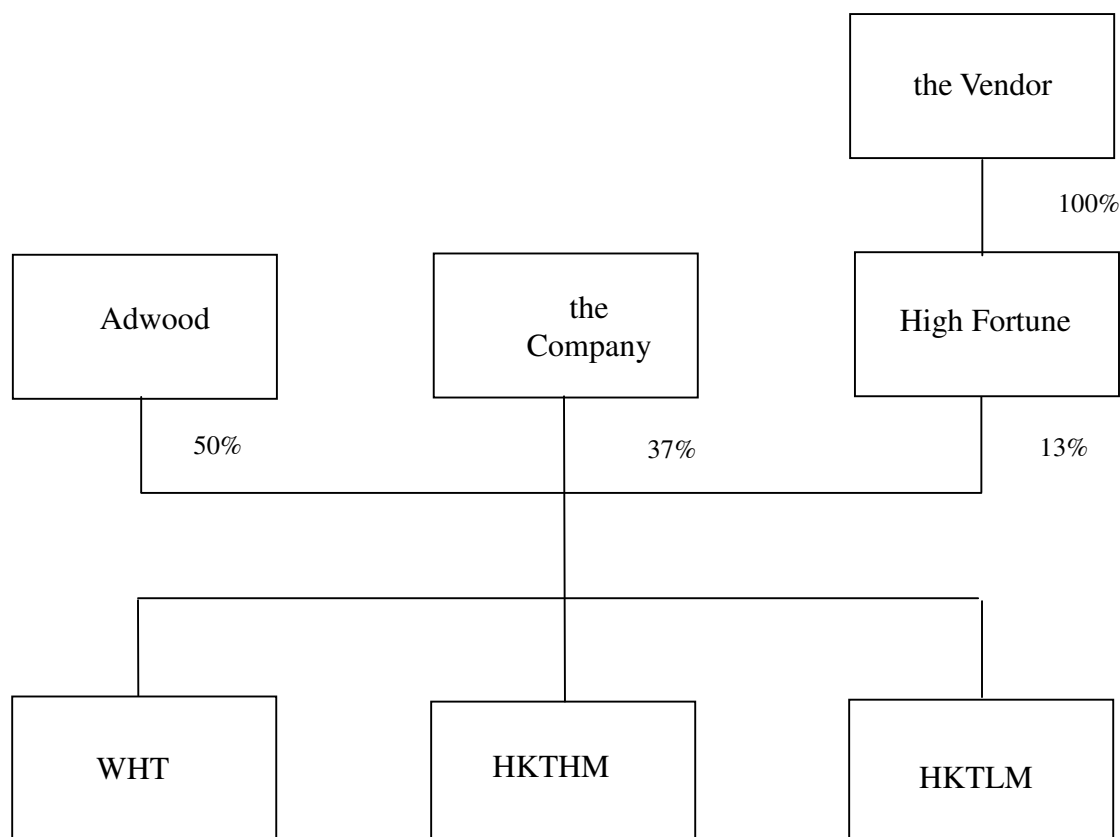
INFORMATION ON HIGH FORTUNE

High Fortune is an investment holding company established under the laws of the BVI on 2 July 1999 with limited liability. It has an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each, of which 1 share, i.e. the Sale Share, has been issued and fully paid up or credited as fully paid up. High Fortune is entirely owned by the Vendor.

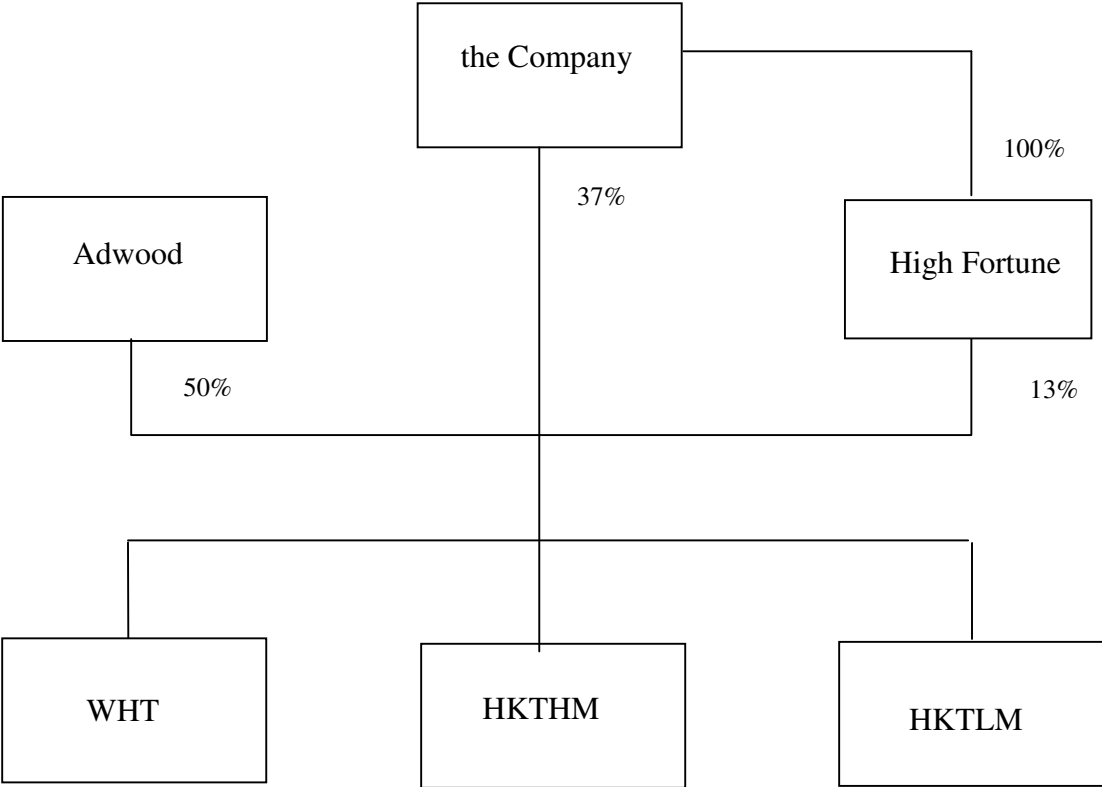
The audited net asset value of High Fortune as at 31 December 2006 was approximately HK\$185.3 million. For the financial year ended 31 December 2006, the audited net loss (both before and after taxation) of High Fortune were approximately HK\$14.5 million. For the financial year ended 31 December 2007, the unaudited net loss (both before and after taxation) of High Fortune were approximately HK\$1.7 million.

High Fortune is the registered and beneficial owner of shares representing 13% of the total issued share capital of each of WHT, HKTHM and HKTLM respectively. The shareholding structures of WHT, HKTHM and HKTLM before and after the Completion are set out below:-

Before the Completion



Immediately after the Completion



After the Completion, the Company will be effectively holding a 50% shareholding interest in each of WHT, HKTHM and HKTLM.

WHT is principally engaged in the construction, maintenance and operation of the Western Harbour Crossing, established under the WHC Ordinance. By a Build-Operate-Transfer Contract dated 2 September 1993 made between WHT and the Government of Hong Kong, WHT was granted a 30-year franchise to build and operate the Western Harbour Crossing commencing 2 August 1993 until 1 August 2023.

HKTHM was previously engaged in the management, operation and maintenance of the Cross-Harbour Tunnel pursuant to a management contract with the Government of Hong Kong which expired in August 2006. HKTHM is currently not engaged in any activity.

HKTLM is principally engaged in the management, operation and maintenance of the Cross-Harbour Tunnel. By an Agreement for the Management, Operation and Maintenance of Cross-Harbour Tunnel dated 23 August 2006 made between HKTLM and the Government of Hong Kong, HKTLM was granted a contract to operate and manage the Cross-Harbour Tunnel for a term of 26 months commencing 1 September 2006 and ending 31 October 2008, renewable for up to another 24 months at the option of the Government of Hong Kong. The term of management of HKTLM has been extended by the Government of Hong Kong for 24 months.

High Fortune will become a wholly-owned subsidiary of the Company upon the Completion. WHT, HKTHM and HKTLM are equity accounted for as associated companies in the audited consolidated financial statements of the Group before the Completion, and will continue to be so after the Completion.

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

REASONS FOR AND BENEFITS OF THE ACQUISITION

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

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

GENERAL

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

The Vendor is a company listed on the Main Board of the Stock Exchange (Stock Code: 0144). The Vendor and its subsidiaries are principally engaged in port and port-related businesses.

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

A circular containing, among other things, further details of the S&P Agreement, will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

- “Acquisition”** the acquisition by the Company from the Vendor of the Sale Share and Sale Loan pursuant to the S&P Agreement
- “Adwood”** Adwood Company Limited
- “associates”** has the meaning ascribed to it under the Listing Rules
- “Board”** the board of directors of the Company

“Business Day”	a day (other than Saturday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which the banks are open for business in Hong Kong
“BVI”	the British Virgin Islands
“CM”	China Merchants Holdings (Hong Kong) Company Limited
“CMHI” or “Vendor”	China Merchants Holdings (International) Company Limited, a company with limited liability incorporated under the laws of Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange
“Company” or “Purchaser”	The Cross-Harbour (Holdings) Limited (港通控股有限公司), a company with limited liability incorporated under the laws of Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition
“Completion Date”	the fifth Business Day after the conditions precedent to Completion have been satisfied or such other date as the Purchaser and the Vendor may agree
“connected person”	has the meaning ascribed to it under the Listing Rules and references to “connected” and “independent” shall be construed accordingly
“Consideration”	HK\$460,000,000, being the total consideration payable by the Purchaser to the Vendor for the Sale Share and Sale Loan pursuant to the S&P Agreement
“Directors”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HKTHM”	Hong Kong Tunnels and Highways Management Company Limited, a company with limited liability incorporated under the laws of Hong Kong
“HKTLM”	Hong Kong Transport, Logistics and Management Company Limited, a company with limited liability incorporated under the laws of Hong Kong

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“High Fortune”	High Fortune Group Limited, a company of limited liability incorporated under the laws of BVI and is wholly-owned by the Vendor
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Sale Loan”	the unsecured and non-interest bearing loans as at the Completion Date payable on demand outstanding and owing by High Fortune to the Vendor, which amounted to HK\$199,012,758 as of 31 December, 2007
“Sale Share”	1 share of US\$1.00 in the capital of High Fortune, representing the entire issued share capital of High Fortune
“S&P Agreement”	the conditional sale and purchase agreement dated 21 February 2008 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“WHT”	Western Harbour Tunnel Company Limited, a company of limited liability incorporated under the laws of Hong Kong
“WHC Ordinance”	Western Harbour Crossing Ordinance (Chapter 436 of the Laws of Hong Kong)

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

By order of the Board
The Cross-Harbour (Holdings) Limited
Yeung Hin Chung, John
Managing Director

Hong Kong, 21 February 2008