

**An open letter to shareholders of
The Cross-Harbour (Holdings) Limited (SEHK:32)**

Dear fellow shareholders,

We are shareholders of The Cross-Harbour (Holdings) Limited (SEHK:32) (“**the Company**”, with its subsidiaries the “**Group**”).

We believe your shares in the Company trade at a massive discount to the true value of the Group.

Our concerns that the Company’s businesses and assets are not being managed in a way which maximizes the value of the shares have led us to seek to appoint two new directors to the board at the AGM which is scheduled to be held on 18 May 2020. Our proposed appointees are willing to serve for nil fee.

If our proposed appointees are elected, they will strive to convince the board to take positive action to create substantial value for all shareholders. They will push for the liquidation of the Company’s non-core assets including a yacht and the Group’s Treasury Management Business (“**TMB**”), with proceeds being distributed to all shareholders as a special dividend. Given the latest stated market values, we expect this special dividend could be HK\$15.50 per share. Additionally, our proposed appointees would strive to change the dividend policy such that a larger percentage of the Company’s yearly profits are distributed than before (subject to working capital requirements). The Group would continue owning the tunnel and tolling operations and the driving school, which were once the Company’s core business and which we believe should return to being so in the future.

None of the significant cash dividends received by the Group over recent years from the Western Tunnel operations were utilized to acquire other tunnel operations or similar quality assets, while the proportion of such funds returned to shareholders has been minimal. Instead, the Company has hoarded such moneys resulting in the TMB assets ballooning from HK\$1,097 million as at 31 December 2006 (40.7% of then total assets) to HK\$6,291 million as at 31 December 2019 (76.8% of total assets). The 31 December 2019 figure equates to approximately HK\$17 a share, materially in excess of the Company’s current share price and excludes the value of the tunnel and tolling operations and driving school.

The Company has used significant amounts of this surplus cash to invest in risky assets inconsistent with the low risk profile of the Group’s tunnel operations. Instead of investing in infrastructure assets or blue-chip stocks, the Company invested heavily in thinly-traded small cap companies such as Freeman Fintech Corporation Limited (SEHK:279) (“**279HK**”), (ii) Oshidori International Holdings Limited (SEHK:622) and (iii) Tai United Holdings Limited (SEHK:718).

We highlight one example; the Group's investment in 279HK which caused a fair value loss of HK\$223.4 million to the Company in 2018. 279HK made net losses of around HK\$2.7 billion between FY2000-19 (suffering losses in thirteen of these 20 years), equivalent to more than tenfold 279HK's current market capitalisation. The SFC sought compensation and disqualification orders against a number of 279HK's then current and former directors in October 2016. The Company's investment in 279HK makes no sense to us at all.

The TMB's investment strategy has resulted in a meagre estimated 1%* average annual return from 2006 to 2019, far below the 8% compound annual return (inclusive of dividends) of the HSI over the same period. In our view, the TMB's assets should have been dedicated to more suitable and higher quality investment opportunities generating higher rates of return, or, in the absence of such should have been returned to shareholders.

Furthermore, you may share our concern that in 2013, the Group purchased a yacht (and related equipment) for HK\$119 million (to replace another yacht the Group already owned). We previously asked the Company to explain what the yachts were being used for and whether they generated revenue. The Company chose not to respond other than to brush our enquiry away (as it has done with previous enquiries which have been made regarding its TMB activities). To put the purchase of this yacht into context, the Company paid a HK\$111.8 million dividend in 2013. Shareholders could therefore have had over double the dividend payout that year if the Company had returned this money to shareholders rather than buy a yacht. You should also note that the Directors received remuneration of over HK\$67 million in FY2019. The Company has not disclosed what use this yacht has been put to over the years since its purchase in 2013 or what revenue, if any, it has generated for the Group over the years. We fail to see why it was in the best interests of the Company to purchase this or any yacht.

We believe shareholders can enjoy a vastly better return on investment if the Board acts to sell the TMB investments and the yacht and return the excess cash to shareholders. At the upcoming AGM, Mr. YEUNG, the Managing Director, is due to retire and is up for re-election together with INEDs Messrs LUK and LEUNG. Mr. YEUNG has been a director since 2001 and Messrs LUK and LEUNG have served as INEDs since 2007. We believe that it is time for change.

Instead of their re-election, we seek to nominate Peter David Kennan and David Robert Prescott to join the Board by requesting an amendment of the Proposed Resolution to read "To elect directors of the Company and to fix the directors' remuneration". We hope you will join us and vote to appoint new directors with independence of mind, fresh perspectives and fund management experience who will seek to maximize returns to all shareholders.

Peter David Kennan is CEO and CIO of Black Crane. Prior to founding Black Crane in 2009, Peter was a leading corporate financier with UBS as Head of Asian Industrials Group. He has 25 years of investment and corporate finance experience across a range of sectors and transactions. Prior to UBS, Peter spent 7 years with BP in both engineering and commercial roles. Peter is a director of MMA Offshore Limited (ASX:MRM) and Threat Protect Australia Limited (ASX:TPS).

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David Robert Prescott is the founder and Managing Director of Lanyon. He has over 20 years funds management experience working for firms in Australia and the UK. David was previously Head of Equities at institutional fund manager, CP2 (formerly Capital Partners). David is a director of BSA Limited (ASX:BSA) and 8Ip Emerging Companies Limited (ASX:8EC).

Your votes in support of the election at the AGM of Mr Peter David Kennan and Mr David Robert Prescott to the Board are critical to achieving a share price which better reflects the full value of the Company.

Yours sincerely,

Black Crane Asia Pacific Opportunities Fund
Lanyon Asset Management Pty Limited

**We have taken the TMB reportable segment profit(loss) before tax each year between 2006 and 2019 inclusive (for every year except 2006 and 2007 this is disclosed explicitly in the Company's annual reports; for 2006 and 2007 we have made estimations based on other disclosure within the respective reports) and divided this by the respective TMB segment net assets (i.e. TMB segment assets minus TMB segment liabilities, also disclosed each year explicitly in the Company's annual reports) each year to calculate a return generated by the TMB each year. The average annual return described above is the simple average of these annual returns.*