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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)

VOLUNTARY ANNOUNCEMENT

INTRODUCTION

Reference is made to the announcement published on 23 March 2018 on the consolidated results of The Cross-Harbour (Holdings) Limited (the “**Company**”, together with its subsidiaries, “**Group**”) for the year ended 31 December 2017, the Company’s 2017 annual report published on 18 April 2018 (collectively, the “**2017 Annual Financials**”), its announcement published on 24 August 2018 on the unaudited consolidated results of the Group for the six months ended 30 June 2018, and its 2018 interim report published on 11 September 2018 (collectively, the “**2018 Interim Financials**”). Unless otherwise specified, all figures disclosed below are approximates.

The board of directors of the Company (the “**Board**”) wishes to provide shareholders of the Company with the following additional information and analysis in respect of the 2017 Annual Financials and the 2018 Interim Financials.

THE 2017 ANNUAL FINANCIALS

As disclosed in the 2017 Annual Financials, the Group recorded available-for-sale securities in fair value of HK\$1,177.3 million and trading securities in fair value of HK\$988.2 million as at 31 December 2017 (the “**2017 Investments**”). Due to improvements in equity market performance during and at the end of 2017, the aggregate fair value of the 2017 Investments increased by 108% as compared to the year ended 31 December 2016.

The Group’s security investments that contributed the most to the increase in fair value of the 2017 Investments consisted of the Group’s holding in 1.53% of the shares of Evergrande Health Industry Group Limited (Stock Code 708) (“**Evergrande Health Securities**”), which is principally engaged in healthcare business, and 0.22% of the shares of China Evergrande Group (Stock Code 3333) (“**China Evergrande Securities**”), which is principally engaged in the development of large scale residential properties and integrated commercial properties in the People’s Republic of China.

As at 31 December 2017, the Group recorded a fair value of HK\$408.7 million in respect of the Evergrande Health Securities, which exceeded the costs for such investment and represented 5.7% of the Group’s total assets and 18.9% of the 2017 Investments. In respect of the China Evergrande Securities, as at 31 December 2017, the Group recorded a fair value of HK\$787.2 million, which exceeded the costs for such investment and represented 10.9% of the Group’s total assets and 36.3% of the 2017 Investments.

The Group recorded an unrealised gain of HK\$646.1 million in respect of the China Evergrande Securities for the year ended 31 December 2017 and an increase in fair value of HK\$214.3 million in the investment revaluation reserve in respect of the Evergrande Health Securities for the year ended 31 December 2017 as compared to the year ended 2016. The Evergrande Health Securities and China Evergrande Securities contributed to most of the fair value increase for the year ended 31 December 2017.

Other than the Evergrande Health Securities and China Evergrande Securities, the fair values of each of the 2017 Investments represented less than 3% of the Group's total assets as at 31 December 2017.

THE 2018 INTERIM FINANCIALS

As disclosed in the 2018 Interim Financials, the Group recorded other financial assets in fair value of HK\$2,882.8 million as at 30 June 2018 (the “**2018 Investments**”). For the six months ended 30 June 2018, the Group recorded an unrealised fair value loss of HK\$555.9 million on its investments in financial assets measured at fair value through profit or loss.

As at 30 June 2018, the Group recorded a fair value of HK\$396.1 million in respect of the Evergrande Health Securities, which exceeded the costs for such investment and represented 5.6% of the Group's total assets and 13.7% of the 2018 Investments. A realised gain of HK\$74.2 million on partial disposal of Evergrande Health Securities was recognised in other comprehensive income and transferred to retained earnings without recycling through profit or loss for the interim period ended 30 June 2018. In addition, an increase in fair value of HK\$76.8 million on the undisposed portion of Evergrande Health Securities was recorded in the fair value reserve as at 30 June 2018.

In respect of the China Evergrande Securities, as at 30 June 2018, the Group recorded a decrease in fair value of HK\$203.0 million to HK\$584.2 million, which exceeded the costs for such investment and represented 8.3% of the Group's total assets and 20.3% of the 2018 Investments.

Despite the negative impact on the performance of the 2018 Investments due to equity market corrections, the aggregate fair value of the 2018 Investments as at 30 June 2018 increased by 33% as compared to the year ended 31 December 2017 as a result of purchases of financial assets totalling HK\$1,354.7 million.

Other than the Evergrande Health Securities and China Evergrande Securities, the fair value of each of the 2018 Investments represented less than 4% of the Group's total assets as at 30 June 2018.

DISCUSSION AND ANALYSIS ON THE GROUP'S INVESTMENT OBJECTIVES AND FUTURE INVESTMENT STRATEGIES

The Group's investment objective is to increase the value of its treasury investment business, and ultimately to enhance returns for its shareholders. In making investment or divestment decisions on individual financial instrument, the Company considers not only past financial performance such as the financial health and dividend policy, but also the business prospect in the form of capital appreciation, dividend/interest income and trading gains, prevailing market sentiments on different sectors of the investment markets as well as macroeconomic outlook for each individual investment.

As the performance of the investments depends to a large extent on the performances of the relevant financial markets, which are subject to rapid and unpredictable changes, the Company will continue to adopt a prudent investment strategy and cautious approach in assessing the performance of the investments, so as to make timely and appropriate adjustments to its investments holding with a

view to generating favourable returns for its shareholders and minimizing risks. In the future, the Company will continue to diversify its investments (including but not limited to listed equities, bonds and unlisted funds) embedded with new growth drivers in the new era of globalization.

For the avoidance of doubt, the information and analysis provided in this announcement are in addition to the information already contained in the 2017 Annual Financials and 2018 Interim Financials, the contents of which shall remain unchanged.

On behalf of the Board
Yeung Hin Chung, John
Managing Director

Hong Kong, 27 September 2018

As at the date hereof, the board of directors of the Company 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; and Ng Kwok Fu, Luk Yu King, James and Leung Yu Ming, Steven who are independent non-executive directors.