



**THE CROSS-HARBOUR (HOLDINGS) LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 32)**

*Executive Directors:*

Mr. Cheung Chung Kiu (*Chairman*)  
Mr. Yeung Hin Chung, John  
Mr. Yuen Wing Shing  
Mr. Wong Chi Keung  
Mr. Leung Wai Fai  
Ms. Tung Wai Lan, Iris

*Registered Office:*

25th Floor  
China Resources Building  
26 Harbour Road  
Wanchai  
Hong Kong

*Independent non-executive Directors:*

Mr. Ng Kwok Fu  
Mr. Luk Yu King, James  
Mr. Leung Yu Ming, Steven

23 October 2020

*To the Independent Shareholders,*

Dear Sir/Madam,

**THE VOLUNTARY CONDITIONAL GENERAL CASH OFFER  
BY HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED  
ON BEHALF OF  
ROSE DYNAMICS LIMITED  
TO ACQUIRE ALL OF THE ISSUED SHARES OF  
THE CROSS-HARBOUR (HOLDINGS) LIMITED  
(OTHER THAN THOSE ALREADY OWNED BY OR  
AGREED TO BE ACQUIRED BY ROSE DYNAMICS LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

**1. INTRODUCTION**

Reference is made to the Joint Announcement in relation to the Offer. Unless otherwise defined, capitalized terms used in this letter shall have the same meanings as those defined in this Composite Document.

The purpose of this Composite Document is to provide you with, among other things: (i) information relating to the Group, the Offeror and the Offer; (ii) a letter from Haitong International Securities containing, among other things, details of the Offer; (iii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in relation to the Offer; and (iv) a letter from Optima Capital containing its advice and recommendation to the Independent Board Committee in relation to the Offer.

## **2. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee of the Company, comprising all independent non-executive Directors, namely Mr. Ng, Mr. Luk Yu King, James and Mr. Leung Yu Ming, Steven, has been established for the purpose of advising and giving a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

In addition, Optima Capital, with the approval of the Independent Board Committee, has been appointed as the independent financial adviser, to advise the Independent Board Committee as to the fairness and reasonableness of the Offer and as to acceptance of the Offer.

## **3. THE OFFER**

As at the Latest Practicable Date, (i) the Company had 372,688,206 Shares in issue and (ii) there are no options outstanding under the Share Option Scheme. Save as aforesaid, the Company did not have any outstanding options, warrants, derivatives and other securities that are convertible or exchangeable into the Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

Haitong International Securities is, for and on behalf of the Offeror, making the Offer to acquire all the Offer Shares on the following basis:

**For each Offer Share . . . . . HK\$14 in cash**

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code.

The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature and together with all rights, benefits and entitlements attaching to them as at the Closing Date or subsequently becoming attached to them, including the right to receive and retain all dividends and other distributions, if any, the record date in respect of which falls on or after the Closing Date.

### Effect of accepting the Offer

Acceptance of the Offer by any person or persons will constitute a warranty by such person or persons to the Offeror that the Offer Shares sold by such person or persons to the Offeror are free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature and together with all rights, benefits and entitlements attaching to them as at the Closing Date or subsequently becoming attached to them, including the right to receive and retain all dividends and other distributions, if any, the record date of which falls on or after the Closing Date. Assuming the Company will maintain to pay dividend four times (quarterly) a year, the Company may declare a third quarterly interim dividend in or around November 2020 by reference to past practices. Should the third quarterly interim dividend be declared by the Company, the Shareholders (including those who tender their acceptances of the Offer before the Closing Date) would be entitled to retain the third quarterly interim dividend if the record date in respect of which was fixed for a date falling before the Closing Date, and the dividend declared would not reduce the Offer Price.

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

### Shareholding structure of the Company

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date:

Shareholders	Number of Shares	Approximate shareholding (%)
<b>The Offeror and the Offeror Concert Parties</b>		
<i>Offeror (Note 1)</i>	84,572,621	22.69
<i>Directors</i>		
Mr. Wong	306,019	0.08
Mr. Ng and his spouse, Ms. Leung (Note 2)	17,474	0.01
<b>Sub-total</b>	<b>84,896,114</b>	<b>22.78</b>
<b>Public Shareholders</b>	287,792,092	77.22
<b>Total number of Offer Shares (Note 3)</b>	287,792,092	77.22
<b>Total number of issued Shares</b>	<b>372,688,206</b>	<b>100.00</b>

#### Notes:

1. Save for (i) 84,572,621 Shares held by the Offeror, (ii) 306,019 Shares held by Mr. Wong and (iii) 17,474 Shares held by Mr. Ng and his spouse, Ms. Leung, no other Offeror Concert Parties hold any Shares.
2. Mr. Ng and his spouse, Ms. Leung, are the legal and beneficial owner of 9,708 Shares and 7,766 Shares respectively.

3. The total number of Offer Shares is the total number of issued Shares (assuming that there is no change in the total number of issued Shares before the close of the Offer) minus the number of Shares held by the Offeror and the Offeror Concert Parties.
4. All percentages in the above table are approximations.

#### 4. INFORMATION OF THE GROUP

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries, associates and a joint venture are motoring school operations, treasury management and securities investment, tunnel operations and electronic toll collection.

The Group's motoring school operations are currently conducted through Alpha Hero Limited (a 70% owned subsidiary of the Group) and its subsidiaries (collectively "**AHG**") in various locations in Hong Kong, one of which is located in Nam Sang Wai, Yuen Long ("**Yuen Long Driving School**"). The lot, at which the Yuen Long Driving School is located, is within an area zoned by the Town Planning Board "Other Specified Use" annotated "Comprehensive Development to include Wetland Restoration Area" (in short "OU(CDWRA)") under the prevailing approved Nam Sang Wai Outline Zoning Plan No. S/YL-NSW/8 ("**Application Site**"). The Yuen Long Driving School has been operating in the Application Site since 1994 under a planning permission for temporary driving school and ancillary uses, which was first granted in 1992 and renewed from time to time with the current one to expire in 2022. In 2011, the Town Planning Board advised AHG to relocate the Yuen Long Driving School to other suitable locations in order to minimize the interface issues with future residential developments in that area and facilitate the implementation of "OU(CDWRA)" zone. Following such advice from the Town Planning Board, AHG has taken steps to identify other suitable replacement sites. Upon considering, among other factors, that no other suitable site has so far been considered appropriate for relocating the Yuen Long Driving School, an application for amendment of plan has been made to the Town Planning Board for a long-term establishment of the Yuen Long Driving School in the Application Site with wetland restoration proposal, which will involve the rezoning of the Application Site as an OU(CDWRA) sub-zone and introducing "driving school" as a permitted use to the designated OU(CDWRA) sub-zone. The application will be considered by the Town Planning Board at its meeting tentatively scheduled to take place on 18 December 2020.

On the other hand, as far as the Directors are aware, there had been no attempts made by other developers to the Town Planning Board for undertaking residential development covering the Application Site since the acquisition of the Application Site by the Group in 1992, except for a recent application to the Town Planning Board made by a developer in 2020 for undertaking residential development at the Nam Sang Wai area covering the Application Site. Such application would be considered by the Town Planning Board at its meeting to be held tentatively on 6 November 2020. The Company had filed an objection to the application. As the said application had received more than six thousand comments (most of them are negative) from the public, the Company considers that the chances of a successful redevelopment plan involving the Application Site would be remote. As at the Latest Practicable Date, there had not been any discussions or negotiations between the Company and the Hong Kong Government (including the Town Planning Board) regarding the potential conversion of use of the Application Site operating as driving school to other uses.

Further information of the Group has been set out in "Appendix II — Financial information of the Group" and "Appendix III — General information of the Group" to this Composite Document.

## **5. INFORMATION OF THE OFFEROR**

Your attention is drawn to the section headed “4. Information of the Offeror” in the “Letter from Haitong International Securities” and “Appendix IV — General information of the Offeror” to this Composite Document.

## **6. INTENTION OF THE OFFEROR IN RELATION TO THE GROUP**

Your attention is drawn to the section headed “5. Intention of the Offeror in relation to the Group” in the “Letter from Haitong International Securities” to this Composite Document. The Board is pleased with the Offeror’s intention in respect of the Group that the Offeror has no intention to (i) discontinue the employment of any employees of the Group or change the composition of the Board; (ii) redeploy the fixed assets of the Group other than those in its ordinary and usual course of business; or (iii) introduce any major changes in the existing operations and business of the Group.

## **7. TAXATION ADVICE**

Your attention is drawn to the paragraph headed “2. The Offer — Taxation advice” in the “Letter from Haitong International Securities” to this Composite Document.

Independent Shareholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting or rejecting the Offer.

None of the Offeror, the Offeror Concert Parties, the Company, Haitong International Capital, Haitong International Securities nor (as the case may be) any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

## **8. PUBLIC FLOAT**

**The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:-**

- (a) a false market exists or may exist in the trading of the Shares; or**
- (b) that there are insufficient Shares in public hands to maintain an orderly market,**

**it will consider exercising its discretion to suspend dealings in the Shares.**

The Offeror intends the Shares to remain listed on the Stock Exchange after the close of the Offer. The sole director of the Offeror has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares following the close of the Offer, if required. As the Company and the Offeror are unable to ascertain at this stage the level of acceptances by Independent Shareholders under the Offer, they have not decided the exact steps/actions that will be taken by them after the close of the Offer

to restore the public float of the Shares, if required. Notwithstanding this, the Company and the Offeror consider that appropriate actions to be taken shall include placing down of sufficient number of accepted Shares by the Offeror and/or issue of new Shares by the Company for this purpose. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

#### **9. MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Offeror intends to maintain the listing status of the Company on the Stock Exchange. If the Offeror acquires the requisite percentage of the Offer Shares to enable it to compulsorily acquire all the issued Shares, the Offeror does not intend to exercise its right to compulsorily acquire the remaining Shares. The Offeror will take such steps as are necessary to ensure, or procure the Company to take such steps as are necessary to ensure, that the Company maintains an adequate public float so as to comply with the applicable requirements of the Listing Rules.

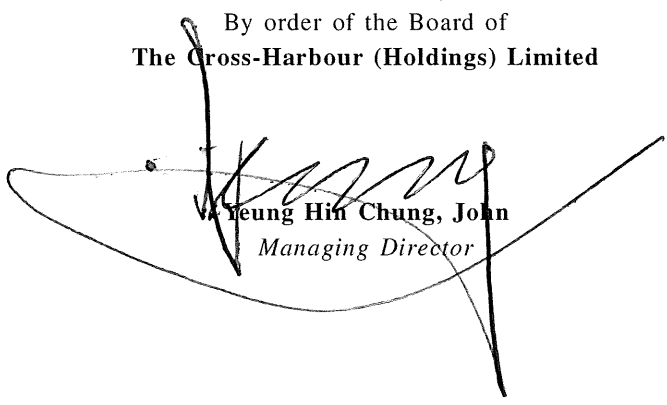
#### **10. RECOMMENDATION AND ADDITIONAL INFORMATION**

Your attention is drawn to (i) the “Letter from the Independent Board Committee” on pages 23 to 24 of this Composite Document, which sets out its recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer; and (ii) the “Letter from Optima Capital” on pages 25 to 57 of this Composite Document, which sets out its advice and recommendation to the Independent Board Committee in relation to the Offer and the principal factors considered by it in arriving at its recommendation.

You are also advised to read the “Letter from Haitong International Securities” on pages 6 to 16 of this Composite Document, the further terms of the Offer and procedures of acceptance and settlement set out in Appendix I of this Composite Document and the accompanying Form of Acceptance in respect of the terms and acceptance and settlement procedures of the Offer.

Yours faithfully,

By order of the Board of  
**The Cross-Harbour (Holdings) Limited**



**Yeung Hin Chung, John**  
*Managing Director*