

STATEMENT OF DISCIPLINARY ACTION

Exchange's Disciplinary Action Against CR Construction Group Holdings Limited (Stock Code: 1582), Six Directors and Zhejiang State-owned Capital Operation Company Limited

SANCTIONS AND DIRECTIONS

The Stock Exchange of Hong Kong Limited (**Exchange**)

CENSURES:

- (1) **CR Construction Group Holdings Limited** (Stock Code: 1582) (**Company**, together with its subsidiaries, **Group**);
- (2) **Mr Guan Manyu**, executive director (**ED**) and Chairman of the Company;
- (3) **Mr Li Kar Yin**, ED and chief executive officer of the Company;
- (4) **Ms Chu Ping**, ED of the Company;
- (5) **Mr Law Ming Kin**, ED of the Company;
- (6) **Mr Chan Tak Yiu**, ED of the Company; and
- (7) **Mr Yang Haojiang**, non-executive director of the Company;

AND FURTHER CENSURES:

- (8) **Zhejiang State-owned Capital Operation Company Limited**, a controlling shareholder of the Company (**ZSC**).

(The directors identified in (2) to (7) above are collectively referred to as **Relevant Directors**.)

AND FURTHER DIRECTS:

Each of the Relevant Directors to attend 20 hours of training on regulatory and legal topics and Listing Rule compliance. The training must include at least three hours on each of (i) directors' duties; (ii) the Corporate Governance Code; and (iii) Chapter 10 of the Listing Rules.

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SUMMARY OF FACTS

The Company was listed on the Main Board of the Exchange on 16 October 2019. The Prospectus of the Company (**Prospectus**) was published on 27 September 2019.

Shareholding structure disclosed in the Prospectus

According to the information provided by the Company in the Prospectus, ZSC, Zhejiang Construction Investment Group Co., Ltd. (**ZCI**), Zhejiang Construction Group (H.K.) Holdings Limited (**ZCBVI**), China Zhejiang Construction Group (H.K.) Limited (**ZCHK**) and CR Construction Investments Limited (**CRI**) would each be a controlling shareholder of the Company following its listing. ZSC would hold 45.95 per cent of the equity interest in ZCI, and ZCI would in turn hold around 72.2 per cent of the issued shares of the Company via ZCBVI, ZCHK and CRI, being a chain of companies wholly-owned by ZCI.

In this connection, prior to the listing of the Company, each of the above parties, including ZSC, undertook to the Exchange (**Lock-up Undertaking**) that it would not, and would procure that the relevant registered holder(s) would not, amongst others, dispose of any shares in the Company in the first six months after the listing date (i.e. on or before 16 April 2020) (**First Lock-up Period**).

Undisclosed Reorganisation

Prior to the publication of the Prospectus, in April 2019, ZSC entered into an agreement with a number of parties, including Dohia Group Co., Ltd.¹ (**Dohia**) and other shareholders of ZCI, with a view to achieving securitisation and listing of ZCI (**Reorganisation**). The Reorganisation principally involved the injection of all the assets and liabilities of ZCI (which included its interest in the Company held via ZCBVI, ZCHK and CRI) into Dohia, a company listed on the Shenzhen Stock Exchange (stock code: 002761.SZ), and the corresponding issuance of shares by Dohia to the shareholders of ZCI. The intended effect was for Dohia, being a listed company, to replace ZCI and become a controlling shareholder of the Company. It was also contemplated that, upon the completion of the Reorganisation, ZCI would be deregistered and thereby cease to be a legal entity.

The Reorganisation was not disclosed to the Exchange during the Company's listing application process. The Prospectus also contained no information about the Reorganisation.

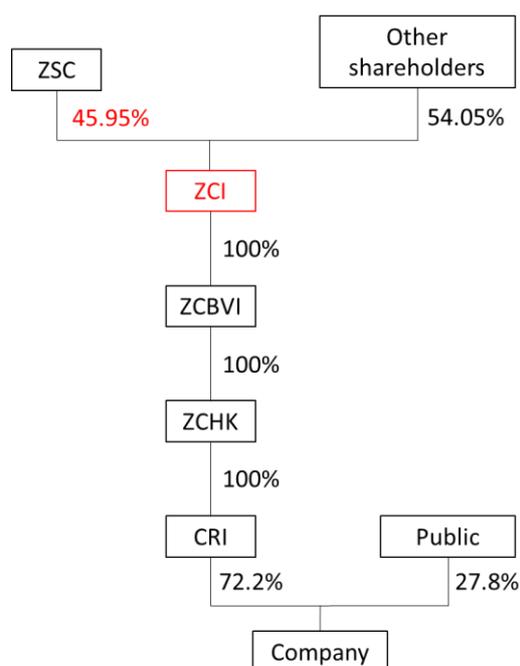
¹ Dohia is now known as Zhejiang Construction Investment Group Co., Ltd.

The Reorganisation was officially approved by the China Securities Regulatory Commission (CSRC) in December 2019. In breach of the Lock-up Undertaking, during the First Lock-up Period, ZSC carried out the Reorganisation by transferring all of its interest in ZCI to Dohia. Following the completion of the Reorganisation, the interest of ZSC in the intermediate controlling shareholders of the Company (ie Dohia, ZCBVI, ZCHK and CRI) was reduced from 45.95 to 37.90 per cent. This reduced the effective interest of ZSC in the Company.

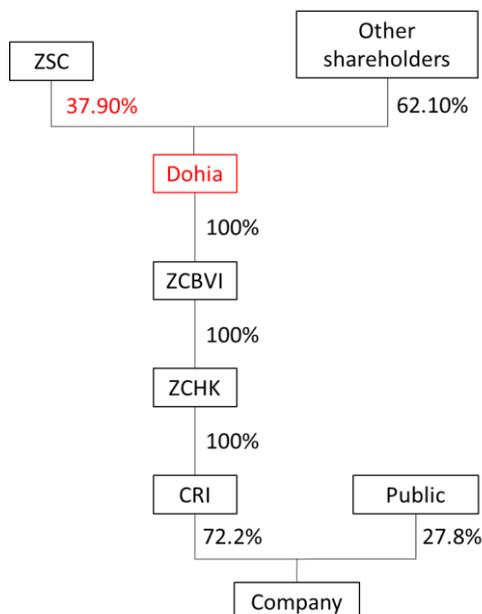
On 25 June 2021, ZCI was deregistered.

Below is a comparison of the shareholding structure contemplated by the Company following its listing as disclosed in the Prospectus and the structure following the Reorganisation:

Shareholding structure following the listing of the Company disclosed in the Prospectus



Shareholding structure of the Company following the Reorganisation



LISTING RULE REQUIREMENTS

Rule 2.13(2) requires that information contained in any announcement or corporate communication required under the Listing Rules (which included a prospectus) must be accurate and complete in all material respects and not be misleading or deceptive.

Both Rule 10.07(1)(a) and the Lock-up Undertaking require that a person or group of persons shown by the listing document issued at the time of the issuer's application for listing to be controlling shareholders of the issuer shall not and shall procure that the relevant registered holder(s) shall not, amongst others, dispose of any shares in the issuer in respect of which he is or they are shown by that listing document to be the beneficial owner(s) in the first six months after the listing date.

Pursuant to the Declaration and Undertaking with regard to Directors in the form set out in Appendix 5B to the Listing Rules (**Director's Undertaking**), each of the directors is required to, amongst others, use his/her best endeavours to procure the Company's compliance with the Listing Rules.

LISTING COMMITTEE'S FINDINGS OF BREACH

The Listing Committee found as follows:

- (1) The information contained in the Prospectus was not accurate and complete in all material respects and/or misleading or deceptive as it contained no information about the Reorganisation, and the Company thereby breached Rule 2.13(2).
- (2) All Relevant Directors breached their Director's Undertaking to use their best endeavours to procure the Company to comply with the Listing Rules:
 - (a) Prospective investors of the Company had a legitimate entitlement to accurate and complete information about the identity of the controlling shareholders and shareholding structure of the Company to make informed investment decisions. The Reorganisation had a material impact on the accuracy and/or completeness of the shareholding structure information disclosed in the Prospectus. The fact that the Company might have a listed parent could affect the investors' consideration of their potential investment in the Company.
 - (b) All of the Relevant Directors were aware of the Reorganisation when the Prospectus was prepared and issued. Nevertheless, the Reorganisation was never disclosed to the Exchange during the listing vetting process. It was also not disclosed to the independent non-executive directors of the Company in a timely manner so that the issue of disclosure could be explored by the full board of directors.
- (3) ZSC breached Rule 10.07(1)(a) and its Lock-up Undertaking:
 - (a) ZSC was aware that the implementation of the Reorganisation would result in breaches of Rule 10.07(1)(a) and its Lock-up Undertaking. It was advised to consult the Exchange and obtain its clearance before carrying out the Reorganisation. ZSC failed to follow the advice. Its breaches indicated its lack of regard for Rule compliance.

CONCLUSION

The Listing Committee decided to impose the sanctions and directions set out in this Statement of Disciplinary Action.

For the avoidance of doubt, the Exchange confirms that the above sanctions and directions apply only to the Company, ZSC and the Relevant Directors, and not to any other past or present members of the board of directors of the Company.

Hong Kong, 25 May 2022