

STATEMENT OF DISCIPLINARY ACTION

Exchange's Disciplinary Action against Tianjin Real Estate Group Co., Ltd.
(Delisted, Previous Debt Stock Code: 5286)

SANCTION

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

CENSURES:

Tianjin Real Estate Group Co., Ltd. (Issuer) (the issuer of the delisted debt TIANJIN B2009 under previous debt stock code: 5286) (**Debt**).

SUMMARY OF FACTS

The Debt

On 3 October 2017, the Debt was listed on the Exchange under Chapter 37 of the Listing Rules. Pursuant to the terms and conditions of the Debt, an event of default would occur if, among other things, there was non-payment of the principal of the Debt, or there was any actual or potential default by the Issuer on any of its present or future indebtedness (**Cross Default Clause**). The date of maturity of the Debt was 29 September 2020.

On 14 September 2020, it was announced by the trustee of two onshore bonds issued by the Issuer in the PRC (Bond codes: 135430.SH and 135823.SH) (collectively, **Onshore Debt**) on the Shanghai Stock Exchange that trading in the Onshore Debt would be suspended effective from 15 September 2020 because of default in respect of the Onshore Debt (**Onshore Default**).

On 15 September 2020, there were news reports in relation to the Onshore Default, the trading suspension of the Onshore Debt, and the Issuer's financial difficulties.

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On 25 September 2020, trading in the Debt ceased in accordance with standard delisting procedures for listed debt securities due to its maturity, and the Debt was delisted on 29 September 2020. The principal of the Debt remained outstanding as at 29 September 2020.

Failure of the Issuer to provide information requested by the Exchange

The Exchange initiated enquiries with the Issuer on 15 September 2020, including whether the Onshore Default had occurred, whether this could trigger the Cross Default Clause with respect to the Debt (**Cross Default**), and whether there was information to be announced under Chapter 37 of the Listing Rules.

The Issuer did not respond to the Exchange's enquiries until 17 September 2020, when it acknowledged receipt of the enquiries and stated orally that it might fail to repay the principal of the Debt. The Issuer also agreed to apply for a trading suspension of the Debt. Later that day, the Exchange sent an email to the Issuer, setting out further steps to be taken with respect to the trading suspension. The Exchange further enquired whether the authorised persons of the Issuer's e-submission (**ESS**) account were still working with the Issuer.

From 18 to 29 September 2020, the Exchange continued to send emails to the Issuer in relation to the trading suspension application and enquiring whether there was information to be announced with respect to the Debt. The Issuer only provided the Exchange with limited information regarding the Debt, such as a one-page report informing the bondholders of the Debt of the Issuer's proposed restructuring plans for the Debt, but did not respond substantively to the Exchange's enquiries relating to the Onshore Default, the Onshore Debt or the Cross Default.

Failure to make timely announcement and apply for a trading suspension

Although the Issuer had known since July 2020 that it might be unable to repay the principal of the Debt on the maturity date of the Debt, it did not make timely announcement of the information. The Issuer also failed to apply for a trading suspension despite assuring the Exchange on 17 September 2020 that it would do so.

On 29 September 2020, the Issuer provided (i) an announcement with respect to the Debt including, inter alia, the proposed extension of the repayment deadline; and (ii) an announcement regarding trading suspension. However, trading in the Debt had ceased on 25 September 2020 and the market had already been informed by the Exchange of the cessation in trading. As such, the trading suspension announcement was no longer relevant by 29 September 2020.

The announcement relating to the Debt was accompanied by a request for the Exchange to upload the announcement to the Issuer's ESS account as its ESS authorised personnel had left the Issuer. However, to ensure the accuracy and due authorisation of information contained in an announcement, it is an issuer's responsibility to access ESS and upload announcements and it is not appropriate for the Exchange to operate an issuer's ESS account on the issuer's behalf.

The Division therefore provided the Issuer with the ESS hotline number which would have enabled the Issuer to change its ESS authorised personnel and reset its ESS account login details. However, the Issuer did not provide further information or issue any announcements with respect to the Debt after receiving the ESS hotline number from the Division or respond to the Division's follow-up enquiries made on 13 October 2020 in relation to the status of the announcements and access to its ESS account.

Failure of the Issuer to appoint authorised representatives

At the time of the listing of the Debt, the Issuer appointed two individuals as its authorised representatives (**Authorised Representatives**).

According to the Issuer, during the period from July to September 2020, the Authorised Representatives were subject to an ongoing regulatory investigation and were not in a position to execute their Rule 3.06(1) duties to act as the principal channel of communication with the Exchange. The Issuer did not appear to have taken any steps to replace the Authorised Representatives even though it knew or should have known that the Authorised Representatives were not in a position to execute their duties. The practical effect of this was that the Issuer did not have anyone acting as an authorised representative for the period from July to September 2020.

The Issuer failed to appoint new personnel to take over the duties of the Authorised Representatives to ensure that an open and effective line of communication was maintained with the Exchange.

RULE REQUIREMENTS

Rule 2.12A requires an issuer to provide to the Exchange any information it requires for, among other things, investigating a suspected breach of, or verifying compliance with, the Listing Rules in accordance with time limits imposed by the Exchange.

Rule 3.06(1) requires an authorised representative to be at all times the principal channel of communication between the Exchange and the issuer.

Rule 37.47(b) requires an issuer to consult with the Exchange immediately if it believes that there is likely to be a false market in its listed debt securities, and to announce any information necessary to avoid a false market after such consultation.

Rule 37.47C requires an issuer to apply for a trading halt or suspension promptly where there is, among other things, information required to be disclosed under Rule 37.47(b) but it cannot be announced promptly.

Rule 37.54 requires an issuer to appoint two authorised representatives to communicate with the Exchange and must notify the Exchange of any change of the authorised representatives.

LISTING COMMITTEE'S FINDINGS OF BREACH

The Listing Committee found that the Issuer had breached the following Rules:

- (1) Rule 2.12A for failing to provide information with respect to the Onshore Default, the Onshore Debt or the Cross Default requested by the Exchange in a timely manner;
- (2) Rule 37.47(b) for failing to announce (a) that the Issuer might be unable to repay the Debt in full and as scheduled (since it became aware of the same since late July 2020); and (b) the Onshore Default which would have triggered the Cross Default (since 14 September 2020), which was information necessary to avoid a false market in the Debt;
- (3) Rule 37.47C for failing to apply for a trading suspension of the Debt when the Issuer could not announce the information referred to in (2) above; and
- (4) Rule 37.54 for failing to appoint two new personnel in place of the Authorised Representatives for the period from July to September 2020.

CONCLUSION

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

For the avoidance of doubt, the Exchange confirms that the above sanction applies only to the Issuer, and not to any other past or present directors of the Issuer.

Hong Kong, 20 April 2023