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**Changsha Broad Homes Industrial Group Co., Ltd.**

**長沙遠大住宅工業集團股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2163)**

**DISCLOSEABLE TRANSACTION  
INTRODUCTION OF INVESTOR FOR CAPITAL INCREASE IN HANGZHOU  
BROAD HOMES AND DEEMED DISPOSAL TRANSACTION**

**INTRODUCTION OF INVESTOR FOR CAPITAL INCREASE IN HANGZHOU BROAD HOMES**

The Board is pleased to announce that on December 28, 2023, the Company, Hangzhou Broad Homes, a wholly-owned subsidiary of the Company, and BOCOM Investment entered into the Capital Increase Agreement, the Shareholders' Agreement and other relevant Transaction Documents in relation to the investment by BOCOM Investment in Hangzhou Broad Homes. Pursuant to the Capital Increase Agreement, the total investment amount proposed to be invested by BOCOM Investment in Hangzhou Broad Homes is RMB200 million, of which RMB50.6731 million will be credited to the registered capital of Hangzhou Broad Homes and the remaining RMB149.3269 million will be credited to the capital reserve. Upon completion of the Capital Increase, the registered capital of Hangzhou Broad Homes will be increased from RMB100 million to RMB150.6731 million, the Company and BOCOM Investment will directly hold approximately 66.37% and 33.63% equity interest in Hangzhou Broad Homes respectively, Hangzhou Broad Homes will become a non-wholly owned subsidiary of the Company and continue to be a subsidiary of the Company and its financial results will continue to be consolidated into the financial statements of the Company.

**LISTING RULES IMPLICATIONS**

Upon completion of the Capital Increase, the Company's shareholding percentage in Hangzhou Broad Homes will decrease. Accordingly, the Capital Increase constitutes a deemed disposal transaction of the Company under Rule 14.29 of the Listing Rules. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Capital Increase is more than 5% but less than 25%, the Capital Increase constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but is exempted from the Shareholders' approval requirement under the Listing Rules.

## **I. INTRODUCTION**

The Board is pleased to announce that on December 28, 2023, the Company, Hangzhou Broad Homes, a wholly-owned subsidiary of the Company, and BOCOM Investment entered into the Capital Increase Agreement, the Shareholders' Agreement and other relevant Transaction Documents in relation to the investment by BOCOM Investment in Hangzhou Broad Homes. Pursuant to the Capital Increase Agreement, the total investment amount proposed to be invested by BOCOM Investment in Hangzhou Broad Homes is RMB200 million, of which RMB50.6731 million will be credited to the registered capital of Hangzhou Broad Homes and the remaining RMB149.3269 million will be credited to the capital reserve. Upon completion of the Capital Increase, the registered capital of Hangzhou Broad Homes will be increased from RMB100 million to RMB150.6731 million, the Company and BOCOM Investment will directly hold approximately 66.37% and 33.63% equity interest in Hangzhou Broad Homes respectively, Hangzhou Broad Homes will become a non-wholly owned subsidiary of the Company and continue to be a subsidiary of the Company and its financial results will continue to be consolidated into the financial statements of the Company.

## **II. CAPITAL INCREASE AGREEMENT**

The principal terms of the Capital Increase Agreement are set out below:

**Date:**

December 28, 2023

**Parties:**

The Company (as the original shareholder and controlling shareholder)

Hangzhou Broad Homes (as the capital increase investee and target company)

BOCOM Investment (as the investor)

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable inquiries, BOCOM Investment and its ultimate beneficial owners are independent third parties.

**Consideration and basis of determination:**

Pursuant to the Capital Increase Agreement, the total investment amount proposed to be invested by BOCOM Investment in Hangzhou Broad Homes is RMB200 million, of which RMB50.6731 million will be credited to the registered capital of Hangzhou Broad Homes and the remaining RMB149.3269 million will be credited to the capital reserve. Upon completion of the Capital Increase, the registered capital of Hangzhou Broad Homes will be increased from RMB100 million to RMB150.6731 million.

The investment to be made by BOCOM Investment was determined after arm's length negotiations between the parties based on the audited<sup>(Note)</sup> net asset value of Hangzhou Broad Homes as at June 30, 2023 and the shareholding percentage after completion of the Capital Increase and on normal commercial terms.

*Note:* Audited by the Hunan branch of Pan-China Certified Public Accountants LLP.

**Payment method:**

Pursuant to the Capital Increase Agreement, within ten working days from the date on which all the conditions precedent have been fulfilled or waived in writing by Hangzhou Broad Homes, BOCOM Investment shall make a one-off payment of its investment amount into the bank account of Hangzhou Broad Homes opened with a branch of Bank of Communications Co., Ltd. designated by BOCOM Investment. On the date on which Hangzhou Broad Homes receives the investment amount, it shall issue and deliver to BOCOM Investment the receipt stamped with the official seal of Hangzhou Broad Homes as well as the Certificate of Capital Contribution and the register of shareholders setting out the subscribed and paid-in capital contribution by BOCOM Investment.

**Conditions precedent:**

Upon the Capital Increase Agreement becoming effective, the payment of investment amount by BOCOM Investment to Hangzhou Broad Homes shall be conditional upon all of the following conditions precedent being fulfilled, or the conditions precedent being waived in whole or in part in writing by BOCOM Investment. The parties shall use their best efforts to fulfill the conditions precedent set out below. In the event that such conditions precedent have not been fulfilled in full or waived in writing by BOCOM Investment within thirty working days from the date of execution of the Capital Increase Agreement, Hangzhou Broad Homes shall have the right to (1) extend the aforesaid period or (2) terminate the Capital Increase Agreement by way of written notice. For avoidance of doubt, in the event that the Capital Increase Agreement is terminated as a result of the above provisions, the liability of Hangzhou Broad Homes and the Company in respect of breach of contract shall not be waived or mitigated as a result of such termination.

The conditions precedent to the payment of investment amount by BOCOM Investment to Hangzhou Broad Homes are as follows:

- (a) the findings of the due diligence on the legality, finance, management, technology, intellectual property, business processes, company licenses and governmental regulations of Hangzhou Broad Homes meet BOCOM Investment's requirements, and BOCOM Investment has obtained the full approval from its investment decision-making committee and other relevant internal decision-making bodies in respect of the Capital Increase;
- (b) the Capital Increase Agreement, the Shareholders' Agreement, the Fund Supervision Agreement and other agreements relating to the Capital Increase required by BOCOM Investment have been executed and become effective, and the amendments to the articles of association of Hangzhou Broad Homes relating to Capital Increase (the contents of which reflect and are in line with the provisions of the Capital Increase Agreement and the Shareholders' Agreement) have been agreed between the shareholders of Hangzhou Broad Homes and BOCOM Investment;
- (c) the fund accounts of Hangzhou Broad Homes and the Company have been opened and the Fund Supervision Agreement (the contents of which shall include a list of the scope of debt repayment mutually confirmed by the parties) required to be executed by Hangzhou Broad Homes, BOCOM Investment and the account opening bank in respect of the supervision of such fund accounts of Hangzhou Broad Homes has been executed and become effective;
- (d) Hangzhou Broad Homes and the Company have made valid internal resolutions in relation to the Capital Increase (including decisions of Hangzhou Broad Homes' shareholders, executive directors' decisions and Board's resolutions) and issued relevant resolutions or other written documents, which shall cover at least the following contents: consent to BOCOM Investment to make a capital increase of RMB200 million in cash in Hangzhou Broad Homes, agreeing to amend the articles of association of Hangzhou Broad Homes in accordance with the Capital Increase Agreement after the Capital Increase, the waiver of pre-emptive rights by other shareholders of Hangzhou Broad Homes, etc.;
- (e) the Company has engaged a legally qualified auditor recognized by BOCOM Investment to complete the financial audit of Hangzhou Broad Homes and issued the Audit Report to BOCOM Investment, and all parties have no objection to the contents of the Audit Report;
- (f) as of the Closing Date, the representations and warranties made by Hangzhou Broad Homes and the Company under the Capital Increase Agreement continue to be true, complete and accurate; Hangzhou Broad Homes and the Company have fully performed their respective obligations and liabilities under the Capital Increase Agreement prior to the payment of the investment amount by BOCOM Investment; there has not been any event of default by Hangzhou Broad Homes and the Company;

- (g) as of the Closing Date, the business operations, financial and asset conditions of Hangzhou Broad Homes and the Company are substantially the same as they were at the time of execution of the Capital Increase Agreement, there has not been any event of material adverse effect in respect of business operations, financial and asset conditions, and there is no circumstance in respect of which Hangzhou Broad Homes and the Company would, based on their reasonable forecasts, incur an event of material adverse effect;
- (h) the Company and Hangzhou Broad Homes have provided BOCOM Investment with a written confirmation signed and stamped with official seal by its legal representative or authorized representative confirming that all the conditions precedent have been fulfilled, together with the relevant supporting documents.

BOCOM Investment has the right to decide to pay all or part of the investment amount based on actual situation if the above conditions are not fully satisfied; the payment of investment amount by BOCOM Investment does not constitute a waiver of any of its rights under the Capital Increase Agreement, nor does it constitute an endorsement or waiver of any failure by the other parties to perform their contractual obligations, nor does it constitute a defect in BOCOM Investment's performance, nor does it represent an acknowledgement by BOCOM Investment that all of the above conditions precedent have been fulfilled.

**Other provisions:**

During the Transitional Period, the Company and Hangzhou Broad Homes shall ensure the continuation of normal operations of Hangzhou Broad Homes and its subsidiaries at all levels, if any, in all material respects and shall ensure that there will be no material adverse change in the assets and operations of Hangzhou Broad Homes and its subsidiaries at all levels, if any.

Hangzhou Broad Homes shall ensure that it continues to maintain its operation qualification in relation to its business in accordance with applicable laws and regulations and the Company and Hangzhou Broad Homes shall use their reasonable endeavors to procure Hangzhou Broad Homes to apply for any preferential treatment in respect of tax, foreign exchange or otherwise under any preferential policies available or likely to be available to Hangzhou Broad Homes under relevant laws.

Hangzhou Broad Homes shall ensure that Hangzhou Broad Homes continues to operate legally (including construction projects) and comply with the requirements of applicable laws, and the Company shall be liable for any losses suffered by BOCOM Investment as a result of any failure to comply with any construction approval and filing procedures within the prescribed timeframe or any violation of compliant operation in respect of such matters.

The Company and Hangzhou Broad Homes confirm and undertake that the Capital Increase is aimed at implementing the requirements of the State Council's Opinions on Actively and Steadily Reducing the Gearing Ratio of Enterprises (Guo Fa [2016] No. 54) and its annexed document of Guiding Opinions on the Market-oriented Conversion of Bank Debt into Equity in respect of corporate governance, and effectively reducing the gearing ratio of Hangzhou Broad Homes, and that they will not maintain or even increase the gearing ratio of Hangzhou Broad Homes as a result of the Capital Increase.

**Completion:**

With effect from the Closing Date, BOCOM Investment shall become a shareholder of Hangzhou Broad Homes and shall enjoy the rights and assume the obligations as a shareholder by virtue of its equity interest in Hangzhou Broad Homes in accordance with the Company Law of the People's Republic of China and the Capital Increase Agreement, regardless of whether the procedures of change of industrial and commercial registration of Hangzhou Broad Homes in relation to the Capital Increase have been completed or not, and whether BOCOM Investment has been registered as a shareholder of Hangzhou Broad Homes with the industrial and commercial regulatory authorities. With effect from the Closing Date, all shareholders of Hangzhou Broad Homes shall exercise their voting rights in proportion to their respective paid-up capital contribution.

**Use of investment amount:**

The investment amount of Hangzhou Broad Homes shall be used to repay the Company's existing debt arising from the loan granted by the banks within sixty working days from the date of receipt of the investment amount, together with the fund repayment certificates of the whole process stamped with the official seal.

**Profit distribution of Hangzhou Broad Homes:**

Pursuant to the Capital Increase Agreement, subject to payment of the investment amount, (1) the net assets of Hangzhou Broad Homes such as capital reserve, surplus reserve, and accumulated undistributed profits prior to June 30, 2023 shall be shared between BOCOM Investment and the Company in proportion to their respective paid-in capital contributions to Hangzhou Broad Homes; (2) the parties acknowledge and agree that any profits, gains, bonuses and dividends generated by Hangzhou Broad Homes up to the Closing Date as well as the previous profits, gains, bonuses and dividends of Hangzhou Broad Homes which have not been distributed at the time of execution of the Capital Increase Agreement have been taken into account in the investment amount and shall be shared by all shareholders of Hangzhou Broad Homes after the Closing Date in proportion to their respective paid-up capital contributions, and the Company shall not assert any special distribution rights in respect of such profits, gains, bonuses and dividends.

**Shareholding structure of Hangzhou Broad Homes:**

*As at the date of this announcement:*

<b>Shareholder</b>	<b>Registered capital (RMB'0000)</b>	<b>Shareholding percentage (%)</b>
The Company	10,000.00	100.00%
Total	10,000.00	100.00%

*Upon completion of the Capital Increase:*

<b>Shareholders</b>	<b>Registered capital (RMB'0000)</b>	<b>Shareholding percentage (%)</b>
The Company	10,000.00	66.37%
BOCOM Investment	5,067.31	33.63%
Total	15,067.31	100.00%

Upon completion of the Capital Increase, Hangzhou Broad Homes will become a non-wholly owned subsidiary of the Company and continue to be a subsidiary of the Company and its financial results will continue to be consolidated into the financial statements of the Company.

### III. SHAREHOLDERS' AGREEMENT

The principal terms of the Shareholders' Agreement are set out below:

**Date:**

December 28, 2023

**Parties:**

The Company

Hangzhou Broad Homes

BOCOM Investment

**Board composition of Hangzhou Broad Homes:**

Upon completion of the Capital Increase, the board of directors of Hangzhou Broad Homes shall consist of three directors, of which two directors shall be nominated by the Company and one director shall be nominated by BOCOM Investment. Upon re-election of such directors, the new directors shall continue to be nominated by the original nominators. The parties shall ensure that the directors nominated by the parties entitled to make such nominations are elected. The board of directors shall have a chairman, who shall be elected by the board of directors from the directors nominated by the Company.

**Benchmark performance and dividends:**

***Benchmark performance:***

The Company and Hangzhou Broad Homes expect (but not guarantee) that the distributable profits of Hangzhou Broad Homes at the end of each year from the year of 2023 onwards (determined based on the amount of undistributed profit for the entire period as set out in the individual statement (balance sheet) of the annual audit report of Hangzhou Broad Homes issued by an accounting firm acting as the Company's annual auditor in accordance with the Accounting Standards for Business Enterprises of the PRC) will not be less than RMB159 million.



**Dividends:**

Pursuant to the Shareholders' Agreement, for each year commencing from the Closing Date and subject to the fulfillment of the conditions set out in the Shareholders' Agreement, Hangzhou Broad Homes expects (but not guarantee) to distribute profits to BOCOM Investment in accordance with the agreement based on the amount of the benchmark performance for the performance year, the minimum dividend payout ratio and the proportion of paid-in capital contribution by BOCOM Investment.

**Acquisition option of the Company:**

Under the circumstances as agreed in the Shareholders' Agreement, the Company or a third party designated by the Company shall have the right to acquire all or part of the equity interests in Hangzhou Broad Homes held by BOCOM Investment and pay the corresponding transfer consideration.

The acquisition option granted to the Company under the Shareholders' Agreement constitutes an option under Rule 14.72 of the Listing Rules. The exercise of the acquisition option is at the sole discretion of the Company and no premium (as defined in Rule 14.75(1) of the Listing Rules) has been paid by the Company in respect of the acquisition option. If the Company decides to exercise the acquisition option in the future, the Company will comply with the applicable requirements of the Listing Rules.

**Right to continue investment:**

Upon completion of the Capital Increase, BOCOM Investment has the right to exercise the right to continue investment in the event that the Company's acquisition option is not successfully exercised. In case of any change in the shareholding percentage of BOCOM Investment in Hangzhou Broad Homes as a result of the exercise of any special rights by BOCOM Investment or any new round of financing of Hangzhou Broad Homes, BOCOM Investment shall continue to enjoy all the rights under the Shareholders' Agreement in respect of the equity interest in Hangzhou Broad Homes held by BOCOM Investment at that time.

**Equity lock-up and right of first refusal:**

In addition to being subject to the requirements of laws and regulations and the provisions of the Shareholders' Agreement, during the period in which BOCOM Investment holds equity interests in Hangzhou Broad Homes, the Company shall not transfer the equity interests in Hangzhou Broad Homes directly or indirectly held by it to any third party without the prior written consent of BOCOM Investment, nor shall it pledge or create any encumbrance on any of the equity interests in Hangzhou Broad Homes directly or indirectly held by it, and there shall not be any change in the actual controller of Hangzhou Broad Homes.

If the Company wishes to transfer all or part of the equity interests in Hangzhou Broad Homes directly or indirectly held by it to the transferee, BOCOM Investment shall have a right of first refusal to purchase, or designate a third party to purchase, such equity interests on terms no less favourable than the conditions offered to or by the transferee.

**Right of priority in disposal:**

If the Company intends to dispose of all or part of its equity interest, directly or indirectly, BOCOM Investment shall have the right (but not the obligation) to dispose of all or part of its equity interest in Hangzhou Broad Homes in priority to the Company if BOCOM Investment does not exercise its right of first refusal upon receipt of a transfer notice.

**Pre-emptive right:**

If Hangzhou Broad Homes further increases its registered capital (including equity, convertible bonds and other securities representing interests in the company) upon approval at the shareholders' meeting, BOCOM Investment shall have the right to pre-emptively subscribe for the new shares issued in proportion to the equity interests in Hangzhou Broad Homes held by BOCOM Investment at that time.

**Anti-dilution clause and most favourable clause:**

In the event that Hangzhou Broad Homes undertakes any round of financing at a price or on terms or conditions more favourable than those of the Capital Increase, BOCOM Investment shall automatically be entitled to such more favourable price and terms or conditions of such financing. BOCOM Investment shall be entitled to request the anti-dilutive effect of the amount of equity interests calculated at the prices of the current and new financing rounds, and the Company shall cause the directors appointed by it and the shareholders' meeting to vote in favour of the resolution approving the aforementioned action.

In the event that BOCOM Investment is unable to directly enjoy certain rights and interests due to the restrictions stipulated in laws, regulations and regulatory documents, Hangzhou Broad Homes and the Company shall provide BOCOM Investment with other alternatives, so as to ensure that the rights and interests actually enjoyed by BOCOM Investment will not be inferior to those of the investors in any round of financing.

**Right of priority in liquidation:**

In the event of liquidation of Hangzhou Broad Homes, Hangzhou Broad Homes and the Company shall ensure that BOCOM Investment is given priority over the Company in obtaining the assets of Hangzhou Broad Homes from the distributable liquidation properties in a manner in compliance with applicable laws so as to enable BOCOM Investment to recover the sum of its entire investment amount plus all the expected annual dividend amounts for the period from the Closing Date to the date on which BOCOM Investment recovers its entire investment amount.

**Right to information:**

The Company and Hangzhou Broad Homes shall, in accordance with the requirements of applicable laws, the provisions of the Transaction Documents and the Shareholders' Agreement, ensure that during the period in which BOCOM Investment is a shareholder of Hangzhou Broad Homes, BOCOM Investment shall have the right to information and supervision of the operation and management of Hangzhou Broad Homes in its capacity as a shareholder.

**IV. INFORMATION ON THE PARTIES INVOLVED****Information on BOCOM Investment**

BOCOM Investment is a company incorporated in the PRC with limited liability on December 29, 2017, and is mainly engaged in debt-to-equity conversion and related supporting business, raising funds from qualified private investors for debt-to-equity conversion in accordance with laws and regulations, issuance of financial bonds specifically used for debt-to-equity conversion, and other businesses approved by the China Banking Regulatory Commission. As at the date of this announcement, BOCOM Investment is a wholly-owned subsidiary of Bank of Communications Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 601328) and The Stock Exchange of Hong Kong Limited (stock code: 3328), whose principal business scope covers a wide range of areas such as commercial banking, investment banking, securities, trusts, financial leasing, fund management, insurance, offshore financial services and others.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable inquiries, BOCOM Investment and its ultimate beneficial owners are independent third parties.

**Information on Hangzhou Broad Homes**

As at the date of this announcement, Hangzhou Broad Homes is a wholly-owned subsidiary of the Company and a company incorporated in the PRC with limited liability on November 4, 2013. Hangzhou Broad Homes is principally engaged in the production and sale of PC units.

Certain financial information of Hangzhou Broad Homes prepared in accordance with the Accounting Standards for Business Enterprises of the PRC for the two years ended December 31, 2022 and the six months ended June 30, 2023 are set out below:

	<b>For the year ended December 31, 2021</b>	<b>For the year ended December 31, 2022</b>	<b>For the six months ended June 30, 2023</b>
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
	(Audited <sup>(Note)</sup> )	(Audited <sup>(Note)</sup> )	(Audited <sup>(Note)</sup> )
Net profit before tax	24,638,818.57	11,605,220.84	10,330,188.76
Net profit after tax	24,386,810.91	11,547,582.35	9,896,728.29

As at June 30, 2023, the audited<sup>(Note)</sup> net asset value of Hangzhou Broad Homes amounted to RMB404,359,300.15.

*Note:* Audited by the Hunan branch of Pan-China Certified Public Accountants LLP.

### **Information on the Company**

The Company is a joint stock company incorporated in the PRC with limited liabilities and is mainly engaged in manufacturing of prefabricated buildings and relevant services, and its principal businesses include PC unit manufacturing, PC equipment manufacturing and modular integrated product manufacturing.

## **V. FINANCIAL IMPACT AND USE OF THE PROCEEDS OF THE CAPITAL INCREASE**

Upon completion of the Capital Increase, the registered capital of Hangzhou Broad Homes will be increased from RMB100 million to RMB150.6731 million, the Company and BOCOM Investment will directly hold approximately 66.37% and 33.63% equity interest in Hangzhou Broad Homes respectively, Hangzhou Broad Homes will become a non-wholly owned subsidiary of the Company and continue to be a subsidiary of the Company and its financial results will continue to be consolidated into the financial statements of the Company. The Company does not expect to record a gain or loss from the Capital Increase and the Company expects that the impact of the Capital Increase on the capital reserve in the Company's consolidated balance sheet will be approximately a decrease of RMB5 million to RMB7 million.

The proceeds from the Capital Increase are expected to be used to settle the shareholders' current account and shall ultimately be used to repay the Company's existing debt arising from the loans granted by banks.

## **VI. REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE**

The Company has faced a significant increase in repayment pressure for bank financing after being affected by the pandemic and the regulatory measures in the real estate industry. To mitigate the risks brought to the Company's operations by the decrease in bank financing, the Company must explore new financing channels as alternatives. As of the date of this announcement, the Company's investment in Hangzhou Broad Homes far exceeded its registered capital, and Hangzhou Broad Homes has borrowed money from the Company for construction of its factory infrastructure and development of production capacity of its equipment. Hangzhou Broad Homes currently maintains sound operating with stable market sales and positive operating profits and cash flows. However, the funds of Hangzhou Broad Homes will not be sufficient to settle the outstanding amount due to the Company within a short period of time, and both Hangzhou Broad Homes and the Company are facing considerable financial pressures. The Company considers that the Capital Increase is in line with the strategic direction of the Company and can also enable Hangzhou Broad Homes to settle the outstanding amount due to the Company within a shorter period of time, while alleviating the financial pressure faced by the Company and Hangzhou Broad Homes and safeguarding the interests of the Company and Hangzhou Broad Homes.

Based on the above reasons, the Directors (including the independent non-executive Directors) consider that the terms of the Capital Increase Agreement are entered into on normal commercial terms and are fair and reasonable and the Capital Increase is in the interests of the Company and the Shareholders of the Company as a whole.

## **VII. LISTING RULES IMPLICATIONS**

Upon completion of the Capital Increase, the Company's shareholding percentage in Hangzhou Broad Homes will decrease. Accordingly, the Capital Increase constitutes a deemed disposal transaction of the Company under Rule 14.29 of the Listing Rules. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Capital Increase is more than 5% but less than 25%, the Capital Increase constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but is exempted from the Shareholders' approval requirement under the Listing Rules.

## **DEFINITIONS**

In this announcement, unless otherwise required by the context, the following terms shall have the following meanings:

“BOCOM Investment”	BOCOM Financial Asset Investment Co., Ltd. (交銀金融資產投資有限公司), a company incorporated in the PRC with limited liabilities
“Board”	the board of Directors of the Company
“Capital Increase”	capital contribution by BOCOM Investment to Hangzhou Broad Homes under the Capital Increase Agreement

“Capital Increase Agreement”	the capital increase agreement entered into by the Company, Hangzhou Broad Homes and BOCOM Investment on December 28, 2023 in relation to the investment by BOCOM Investment in Hangzhou Broad Homes and relevant supplemental agreement (if any)
“Closing Date”	the date of payment of the investment amount in full by BOCOM Investment
“Company”	Changsha Broad Homes Industrial Group Co., Ltd. (長沙遠大住宅工業集團股份有限公司), a joint stock company established in the PRC with limited liabilities, which is mainly engaged in manufacturing of prefabricated buildings and relevant services
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Hangzhou Broad Homes”	Broad Homes Industrial (Hangzhou) Co., Ltd. (遠大住宅工業(杭州)有限公司), a company incorporated in the PRC with limited liabilities and a direct wholly-owned subsidiary of the Company as of the date of this announcement
“independent third party(ies)”	independent third parties who are, to the best of the Directors’ knowledge, information and belief having made all reasonable inquiries, independent of and not connected with the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, which for the purposes of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Shareholders’ Agreement”	the Shareholders’ Agreement of Broad Homes Industrial (Hangzhou) Co., Ltd. entered into by the Company, BOCOM Investment and Hangzhou Broad Homes upon the signing of the Capital Increase Agreement on December 28, 2023

“Transaction Documents”	the Capital Increase Agreement and its supplemental agreement (if any), the Shareholders’ Agreement and its supplemental agreement (if any), the articles of association of Hangzhou Broad Homes, the Fund Supervision Agreement, the internal decision-making documents of the parties, and other legal documents signed by the parties and other relevant parties in relation to the Capital Increase
“Transitional Period”	the period from June 30, 2023 to the Closing Date
“working day(s)”	any day on which companies in the PRC are normally open for business, including Saturdays or Sundays declared by the PRC government to be temporary working days (the “ <b>Adjusted Working Days</b> ”), but excluding statutory holidays and Saturdays or Sundays other than Adjusted Working Days
“%”	per cent

On behalf of the Board  
**Changsha Broad Homes Industrial Group Co., Ltd.**  
**Zhang Jian**  
*Chairman*

Changsha, the PRC, December 28, 2023

*As at the date of this announcement, the Board comprises Mr. Zhang Jian, Ms. Tang Fen, Mr. Hu Shengli, Ms. Shi Donghong, Mr. Zhang Kexiang and Mr. Tan Xinming as executive Directors; Mr. Zhang Quanxun as a non-executive Director; and Mr. Chen Gongrong, Mr. Li Zhengnong, Mr. Wong Kai Yan Thomas and Mr. Zhao Zhengting as independent non-executive Directors.*