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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)**

**VOLUNTARY ANNOUNCEMENT**

**UPDATE ON USE OF PROCEEDS**

**AND**

**UPDATE ON THE 2021 MEDIUM AND LONG-TERM INCENTIVE PLAN**

**UPDATE ON USE OF PROCEEDS**

References are made to the announcements of Changsha Broad Homes Industrial Group Co., Ltd. (the “**Company**” and, together with its subsidiaries, the “**Group**”) dated November 30, 2021 and December 24, 2021 in relation to the change in use of Proceeds from H Share Offering (the “**Announcements**”). Unless otherwise defined, terms used in this announcement shall have the same meanings as those defined in the Announcements.

As stated in the Announcements, upon consideration and approval, the board of directors (the “**Board**”) of the Company changed the use of balance of the Proceeds from H Share Offering under relevant use to “working capital and general corporate purposes”. The Company hereby announces that on July 6, 2023, the Board considered and approved the repatriation of the Proceeds from H Share Offering of RMB4.1 million originally deposited overseas to the PRC to be used for working capital and general corporate purposes of the Company (the “**Repatriation**”). For the avoidance of doubt, the Repatriation does not involve any change in use of Proceeds.

**UPDATE ON THE 2021 MEDIUM AND LONG-TERM INCENTIVE PLAN**

References are made to the announcements of the Company dated September 28, 2021, October 22, 2021 and December 30, 2022 (collectively, the “**Relevant Announcements**”) and the circular dated October 6, 2021 (the “**Circular**”) in relation to the 2021 Medium and Long-Term Incentive Plan. Unless otherwise defined, terms used in this announcement shall have the same meanings as those defined in the Relevant Announcements and the Circular.

As stated in the Relevant Announcements and the Circular, the 2021 Medium and Long-Term Incentive Plan does not involve the issue of new Shares and is only a discretionary plan of the Company. According to relevant authorization in relation to the 2021 Medium and Long-Term Incentive Plan considered and approved at the Shareholders' General Meeting, the Board has entrusted the custodian to set up a single trust fund scheme to purchase 10 million H Shares of the Company in the secondary market and adjusted the allocation method of the 2021 Medium and Long-Term Incentive Plan by making a virtual grant and registration of Shares for the Incentive Targets by way of agreement upon satisfaction of the conditions for granting, and the Company will entrust the sale of Shares as and when appropriate, and the proceeds will be distributed based on the corresponding shareholding after the funds are settled. The Company hereby announces that on July 6, 2023, the Board (including the independent non-executive Directors) considered and approved the exercise of 7 million H Share Options under the Share Option Incentive Plan with effect from July 6, 2023 at an exercise price of HK\$0. Following the exercise, the subsequent dealing of the Shares will no longer be materially different from the Restricted Share Incentive Plan. In addition, the Board (including the independent non-executive Directors) considered and approved the grant of a total of 6,350,382 H Shares, representing approximately 1.30% of the total number of issued Shares of the Company as at the date of this announcement, to a total of 150 Incentive Targets, including Mr. Hu Shengli, Ms. Shi Donghong, Mr. Zhang Kexiang and Mr. Tan Xinming, being the executive Directors, and other employees of the Company, under the 2021 Medium and Long-Term Incentive Plan. Details are as follows:

<b>Incentive Targets</b>	<b>Number of H Shares granted under the 2021 Medium and Long-Term Incentive Plan</b>
Mr. Hu Shengli ( <i>executive Director</i> )	200,000 Shares
Ms. Shi Donghong ( <i>executive Director</i> )	200,000 Shares
Mr. Zhang Kexiang ( <i>executive Director</i> )	140,000 Shares
Mr. Tan Xinming ( <i>executive Director</i> )	200,000 Shares
Employees other than the above executive Directors	<u>5,610,382 Shares</u>
<b>Total</b>	<b><u><u>6,350,382 Shares</u></u></b>

Mr. Hu Shengli, Ms. Shi Donghong, Mr. Zhang Kexiang and Mr. Tan Xinming are connected persons of the Company and the grants of H Shares to each of them constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the grants of H Shares to each of them constitute part of their remuneration packages under their respective service contracts entered into with the Company, such grants are exempt from the reporting, announcement and independent Shareholders' approval requirements under Rule 14A.73(6) and Rule 14A.95 of the Listing Rules. Further announcements on the progress of the 2021 Medium and Long-Term Incentive Plan will be made by the Company in due course in accordance with all applicable requirements under the Listing Rules.

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

Changsha, July 6, 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 Quanyun as non-Executive Director; and Mr. Chen Gongrong, Mr. Li Zhengnong, Mr. Wong Kai Yan Thomas and Mr. Zhao Zhengting as independent non-Executive Directors.*