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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)

CHANGE IN USE OF PROCEEDS FROM H SHARE OFFERING

The board of directors (the “**Board**”) of Changsha Broad Homes Industrial Group Co., Ltd. (the “**Company**” and, together with its subsidiaries, the “**Group**”) hereby announces that at the Board meeting convened on November 30, 2021, the Board considered and approved the proposal on change in use of net proceeds from the global offering of the Company (the “**Proceeds from H Share Offering**” or “**Proceeds**”).

BASIC INFORMATION OF THE PROCEEDS FROM H SHARE OFFERING

References are made to the section headed “Future Plans and Use of Proceeds” in the H share prospectus of the Company dated October 24, 2019 (the “**Prospectus**”) in relation to the intended use of Proceeds from H Share Offering, as well as the announcement of the Company dated April 20, 2021 in relation to change in use of Proceeds from H Share Offering (the “**Previous Announcement of Change of Use**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and the Previous Announcement of Change of Use.

The H Shares of the Company were listed on the Hong Kong Stock Exchange on November 6, 2019, and net proceeds from the Global Offering aggregated to approximately HK\$1,111,697,332.79 after deducting the expenses related to the issuance of Shares, of which HK\$742,330,740.96 (equivalent to RMB671,462,308.77) was remitted. According to the approval of the relevant resolutions of the Board and the shareholders’ general meeting of the Company and the disclosure of the Prospectus, among the Proceeds from H Share Offering of the Company, 45% will be used for “expanding PC unit manufacturing business”, 20% will be used for “expansion in overseas markets and establishing technology and production centers targeting overseas markets”, 15% will be used for “developing and expanding intelligent equipment business”, 10% will be used for “developing and establishing an intelligent service platform in the prefabricated construction industry”, and 10% will be used for “working capital and general corporate purposes”.

As disclosed in the Previous Announcement of Change of Use, after the change in use of the Proceeds from H Share Offering made by the Company, such proceeds were used for the following specific purposes:

- (i) approximately 45% for expanding PC unit manufacturing business
- (ii) approximately 20% for expansion in overseas and domestic markets and establishing technology and production centers targeting overseas and domestic markets
- (iii) approximately 15% for developing and expanding intelligent equipment business
- (iv) approximately 4% for developing and establishing an intelligent service platform in the prefabricated construction industry
- (v) approximately 16% for working capital and general corporate purposes

As of November 29, 2021, a total of HK\$760,244,312.92 of the Proceeds from H Share Offering have been utilized, and the remaining Proceeds available for use amounted to HK\$351,453,019.86. The utilization of the Proceeds from H Share Offering is as follows:

Use	Specific use	Proportion	Proceeds from H Share Offering (HK\$)	Amount Utilized (HK\$)	Amount Unutilized (HK\$)
Expanding PC unit manufacturing business	Establishing wholly-owned regional production centers in key strategic regions	36.97%	410,972,181.85	321,050,555.52	89,921,626.33
	Expanding factories and upgrading equipment in existing regional production centers	8.03%	89,323,054.77	89,323,054.77	0.00
Expansion in overseas and domestic markets and establishing technology and production centers targeting overseas and domestic markets	–	20.00%	222,303,538.71	78,279,293.61	144,024,245.10
Developing and expanding intelligent equipment business	–	15.00%	166,705,199.13	56,560,418.79	110,144,780.34
Developing and establishing an intelligent service platform in the prefabricated construction industry	–	4.41%	49,066,141.66	49,066,141.66	0.00
Working capital and general corporate purposes	–	15.59%	173,327,216.66	165,964,848.58	7,362,368.08
Total		100%	1,111,697,332.78	760,244,312.92	351,453,019.86

The Company confirmed that the above utilization of the Proceeds from H Share Offering was consistent with the use of Proceeds disclosed in the Prospectus and the Previous Announcement of Change of Use.

CHANGE IN USE OF PROCEEDS FROM H SHARE OFFERING

In order to improve the efficiency of use of Proceeds from H Share Offering and reduce the finance cost, the Company intends to adjust the planning and proportion of the use of part of the Proceeds from H Share Offering as follows:

- (i) Change in specific use of Proceeds from H Share Offering for “establishing wholly-owned regional production centers in key strategic regions” for “expanding PC unit manufacturing business”

Due to the adjustment of the project layout during the process of establishing new production centers in view of the market conditions and demand, the Company intends to change the use of Proceeds under this category from “expanding our production capacity into cities such as Wuhan, Weifang, Zhengzhou and Changshu” to “expanding our production capacity into cities such as Wuhan, Weifang, Zhengzhou, Changshu and Zhenjiang”.

- (ii) Change in use of remaining balance of Proceeds from H Share Offering for “expansion in overseas and domestic markets and establishing technology and production centers targeting overseas and domestic markets”

Affected by the COVID-19 pandemic since the beginning of 2020, the Company’s original plan to expand its business in overseas markets needs to be further adjusted. As the original plan of “expansion in overseas and domestic markets and establishing technology and production centers targeting overseas and domestic markets” can meet the needs of the Company at the current stage, the Company intends to use the remaining balance of HK\$144,024,245.10 for the Company’s “working capital and general corporate purposes”.

- (iii) Change in use of remaining balance of Proceeds from H Share Offering for “developing and expanding intelligent equipment business”

As of November 29, 2021, the “research, development, procurement and production of modularized product equipment” under the original research and development and expansion plan of intelligent equipment business can meet the needs of the Company at the current stage, the Company intends to use the remaining balance of HK\$110,144,780.34 for the Company’s “working capital and general corporate purposes”.

Upon completion of the above changes in the use of Proceeds from H Share Offering, the specific use of Proceeds from H Share Offering of the Company is as follows:

Use	Specific use	Proportion	Proceeds from H Share Offering (HK\$)	Estimated time of use of unutilized proceeds
Expanding PC unit manufacturing business	Establishing wholly-owned regional production centers in key strategic regions	36.97%	410,972,181.85	Before December 31, 2022
	Expanding factories and upgrading equipment in existing regional production centers	8.03%	89,323,054.77	–
Expansion in overseas and domestic markets and establishing technology and production centers targeting overseas and domestic markets	–	7.04%	78,279,293.61	–
Developing and expanding intelligent equipment business	–	5.09%	56,560,418.79	–
Developing and establishing an intelligent service platform in the prefabricated construction industry	–	4.41%	49,066,141.66	–
Working capital and general corporate purposes	–	38.45%	427,496,242.10	Before December 31, 2022
Total		100%	1,111,697,332.78	

Save for the changes above and the changes as disclosed in the Previous Announcement of Change of Use, there is no other changes in the use of net Proceeds from the Global Offering of the Company.

REASONS FOR AND BENEFITS OF CHANGE IN USE OF PROCEEDS FROM H SHARE OFFERING

The above proposed changes can enhance the efficiency of the Company's use of the Proceeds from H Shares Offering and reduce the finance costs.

The Board (including the independent non-executive Directors) confirms that the above proposed changes are in line with the actual situation and operational development needs of the Company without misappropriation of Proceeds or unauthorized change in the use of Proceeds and damage to the interests of shareholders, in particular the minority shareholders, and are in the interests of the Company and its shareholders as a whole.

Pursuant to the provisions of the Company's articles of association, the above proposal to change the use of Proceeds from H Share Offering is not subject to consideration and approval by the Company's shareholders at a general meeting and shall become effective from the date of being considered and approved by the Board.

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

Changsha, November 30, 2021

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