

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
CAPITAL INCREASE IN XINPU BROAD HOMES**

Reference is made to the announcement of the Company dated July 27, 2021 in relation to the potential transaction of capital increase in Xinpu Broad Homes. The Board of the Company is pleased to announce that on July 30, 2021, the Company entered into the Capital Increase Agreement with Xinpu Broad Homes, Henan Urban and Rural Planning, Design and Research Institute, Xinpu Construction and Jianding Construction. Pursuant to the Capital Increase Agreement, the Company will increase the capital in Xinpu Broad Homes by RMB15,009,000, of which RMB12,185,000 will be used to increase the registered capital and RMB2,824,000 will be credited to capital reserve. Upon completion of the Capital Increase, the Company's shareholding in Xinpu Broad Homes will increase from 35% to 42.06%.

In addition, Xinpu Broad Homes intends to convene a shareholders' general meeting on August 6, 2021 to consider the proposals on amendment to its articles of association and adjustment to the composition of the board of directors. After consideration and approval of the proposals on amendment to articles of association and adjustment to composition of the board of directors by the shareholders of Xinpu Broad Homes, completion of relevant procedures for change of business registration and completion of payment for the Capital Increase by the Company, the Company will be able to control the majority of board of directors and voting rights at the shareholders' general meeting of Xinpu Broad Homes and therefore Xinpu Broad Homes will become a subsidiary of the Company and its financial statements will be consolidated into the financial statements of the Company. Further announcement on the progress of the Capital Increase will be made by the Company in due course in accordance with all applicable requirements under the Listing Rules.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Capital Increase exceeds 5% but is less than 25%, the Capital Increase constitutes a discloseable transaction of the Company, and shall be subject to reporting and announcement requirements but is exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

I. INTRODUCTION

Reference is made to the announcement of the Company dated July 27, 2021 in relation to the potential transaction of capital increase in Xinpu Broad Homes. The Board of the Company is pleased to announce that on July 30, 2021, the Company entered into the Capital Increase Agreement with Xinpu Broad Homes, Henan Urban and Rural Planning, Design and Research Institute, Xinpu Construction and Jianding Construction. Pursuant to the Capital Increase Agreement, the Company will increase the capital in Xinpu Broad Homes by RMB15,009,000, of which RMB12,185,000 will be used to increase the registered capital and RMB2,824,000 will be credited to capital reserve. Upon completion of the Capital Increase, the Company's shareholding in Xinpu Broad Homes will increase from 35% to 42.06%.

In addition, Xinpu Broad Homes intends to convene a shareholders' general meeting on August 6, 2021 to consider the proposals on amendment to its articles of association and adjustment to the composition of the board of directors. After consideration and approval of the proposals on amendment to articles of association and adjustment to composition of the board of directors by the shareholders of Xinpu Broad Homes, completion of relevant procedures for change of business registration and completion of payment for the Capital Increase by the Company, the Company will be able to control the majority of board of directors and voting rights at the shareholders' general meeting of Xinpu Broad Homes and therefore Xinpu Broad Homes will become a subsidiary of the Company and its financial statements will be consolidated into the financial statements of the Company. Further announcement on the progress of the Capital Increase will be made by the Company in due course in accordance with all applicable requirements under the Listing Rules.

II. CAPITAL INCREASE AGREEMENT

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

Date

July 30, 2021

Parties

- (i) The Company;
- (ii) Henan Urban and Rural Planning, Design and Research Institute;
- (iii) Xinpu Construction;
- (iv) Jianding Construction; and
- (v) Xinpu Broad Homes

As at the date of this announcement, to the best knowledge and belief of the Directors and having made all reasonable enquiries, Henan Urban and Rural Planning, Design and Research Institute, Xinpu Construction and Jianding Construction and their respective ultimate beneficial owners are independent third parties.

Capital Increase Arrangement

Prior to the Capital Increase, the Company, Henan Urban and Rural Planning, Design and Research Institute, Xinqu Construction and Jianding Construction held 35%, 10%, 25% and 30% equity interests in Xinqu Broad Homes, respectively. Under the Capital Increase, the Company will increase the capital in Xinqu Broad Homes by RMB15,009,000, of which RMB12,185,000 will be used to increase the registered capital and RMB2,824,000 will be credited to capital reserve. The transaction price of the Capital Increase was determined after arm's length negotiation between the parties with reference to the owners' equity of Xinqu Broad Homes as at December 31, 2020 (i.e. RMB118,203,100) prepared and audited in accordance with the Chinese Accounting Standards for Business Enterprises. The parties agreed that the pre-investment value of Xinqu Broad Homes is RMB123,176,000. Upon completion of the Capital Increase, the Company, Henan Urban and Rural Planning, Design and Research Institute, Xinqu Construction and Jianding Construction will hold 42.06%, 8.914%, 22.285% and 26.742% equity interests in Xinqu Broad Homes, respectively.

Conditions Precedent

The Company's closing of the Capital Increase and payment for the Capital Increase shall be subject to the Company's confirmation that each party has satisfied the following conditions precedent:

- (i) The shareholders' general meeting of Xinqu Broad Homes has passed the resolutions approving the Capital Increase and the amendments to the articles of association;
- (ii) Xinqu Broad Homes has completed the procedures for change of registration with the market regulatory authorities for the Capital Increase, including change of shareholding of the parties, change of the articles of association in accordance with the amendments to the articles of association, etc., and has obtained a new business license;
- (iii) From the date of the Capital Increase Agreement to the closing date, there has been no material adverse change in the condition (equity status, financial or otherwise), operating results, assets, regulatory status, business or prospects of Xinqu Broad Homes in general, and no event has occurred that has caused or may cause a material adverse effect; and
- (iv) From the date of the Capital Increase Agreement to the closing date, there is no existing or potential claim filed by or with any governmental authority against Xinqu Broad Homes that would restrict or materially and adversely affect the Capital Increase, render the completion of the Capital Increase unattainable, unlawful or likely to constitute a material adverse effect.

All parties agree and undertake to use their respective best endeavours to have the above conditions precedent satisfied as soon as reasonably practicable. If any of the above conditions precedent is not satisfied by September 30, 2021 (the "**Final Cut-off Date**") and is not waived or extended with the consent of the parties, the Company shall have the right to terminate the Capital Increase Agreement. If all of the above conditions precedent have been satisfied by the Final Cut-off Date, all parties shall proceed with the closing in accordance with the terms of the Capital Increase Agreement.

Closing Arrangements

Xinpu Broad Homes shall notify the Company in writing that the above conditions precedent have been satisfied within 5 business days after such conditions precedent have been satisfied and deliver to the Company the following documents:

- (i) Copies, under official seal of the market regulatory authorities, of the new business license issued in respect of the Capital Increase and the articles of association, with the original documents presented;
- (ii) a formal register of members under official seal, with the percentage of shareholding of each shareholder registered in such documents being the same as the respective percentage of shareholding as set out in the Capital Increase Agreement; and
- (iii) a copy, under official seal, of the resolutions duly and validly passed at the shareholders' general meeting of Xinpu Broad Homes for approval of the Capital Increase and the amendments to the articles of association, with the original documents presented.

The date of completion of the above closing arrangements shall be the closing date of the Capital Increase.

Payment

The Company shall make payment for the Capital Increase in full to the bank account designated by Xinpu Broad Homes within 15 business days from the closing date.

Effectiveness

The Capital Increase Agreement shall become effective on the date of signing.

III. INFORMATION ON XINPU BROAD HOMES

Xinpu Broad Homes is a company incorporated in the PRC with limited liability on April 6, 2016 and is principally engaged in the businesses of research and development, production and sales of residential industrialization technologies and related products, etc. In accordance with the Chinese Accounting Standards for Business Enterprises, the audited financial information of Xinpu Broad Homes for the two years ended December 31, 2020 is as follows:

Unit: RMB'0000

	As at December 31, 2019/ for the year ended December 31, 2019	As at December 31, 2020/ for the year ended December 31, 2020
Total assets	13,278.43	24,735.57
Total liabilities	5,277.84	12,915.26
Owners' equity (net assets)	8,000.59	11,820.31
Operating revenue	2,594.13	18,920.57
Loss/profit before tax	-1,958.01	3,819.71
Loss/profit after tax	-1,958.01	3,819.71

IV. REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE

The Board believes that the Capital Increase is in line with the Company's strategic business development direction, and the Capital Increase in Xinpu Broad Homes is an important step to strengthen the business market layout. Xinpu Broad Homes is able to cover the market in Zhengzhou and has the potential to expand to Xinxiang, Kaifeng, Xuchang, and even Luoyang and other nearby markets with broad space for market development. The existing design capacity and expandable capacity in the future of Xinpu Broad Homes will provide strong support to capture the future market growth in Zhengzhou. The Directors (including the independent non-executive Directors) consider that the Capital Increase was conducted after arm's length negotiation between the parties and on normal commercial terms or better, and that the terms of the Capital Increase Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

V. GENERAL INFORMATION

Information of 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 construction work.

Information of Henan Urban and Rural Planning, Design and Research Institute

Henan Urban and Rural Planning, Design and Research Institute is a joint stock company incorporated in the PRC with limited liabilities and is mainly engaged in urban planning and municipal utility industry and other businesses. As at the date of this announcement, the top two shareholders of Henan Urban and Rural Planning, Design and Research Institute were Yang Demin with a shareholding of approximately 11.72% and Yin Weihong with a shareholding of approximately 5.32%, and the remaining equity interests of approximately 82.96% were held by 98 minority shareholders with a shareholding of less than 5% each.

Information of Xinpu Construction

Xinpu Construction is a company incorporated in the PRC with limited liabilities and is mainly engaged in construction and contracting of housing and building projects and other businesses. As at the date of this announcement, Wang Shuangdui, Wang Maidui and Wang Jianfeng held 60%, 20% and 20% equity interests in Xinpu Construction, respectively.

Information of Jianding Construction

Jianding Construction is a company incorporated in the PRC with limited liabilities and is mainly engaged in construction and municipal projects and other businesses. As at the date of this announcement, Chen Daibao and Chen Xin held 70% and 30% equity interests in Jianding Construction, respectively.

VI. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Capital Increase exceeds 5% but is less than 25%, the Capital Increase constitutes a discloseable transaction of the Company, and shall be subject to reporting and announcement requirements but is exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

VII. DEFINITIONS

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

“Board”	the board of Directors of the Company
“Capital Increase”	capital increase in Xinpu Broad Homes by the Company pursuant to the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement dated July 30, 2021 entered into among the Company, Henan Urban and Rural Planning, Design and Research Institute, Xinpu Construction, Jianding Construction and Xinpu Broad Homes in relation to the Capital Increase in Xinpu Broad Homes
“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
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Henan Urban and Rural Planning, Design and Research Institute”	Henan Urban and Rural Planning, Design and Research Institute Co., Ltd. (河南省城鄉規劃設計研究總院股份有限公司), a joint stock company incorporated in the PRC with limited liabilities, which is mainly engaged in urban planning and municipal utility industry and other businesses
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	an independent third party not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules
“Jianding Construction”	Henan Jianding Construction Engineering Co., Ltd. (河南省建鼎建築工程有限公司), a company incorporated in the PRC with limited liabilities, which is mainly engaged in construction and municipal projects and other businesses
“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
“Xinpu Broad Homes”	Henan Xinpu Broad Homes Residential Industry Co., Ltd. (河南新蒲遠大住宅工業有限公司), a company incorporated in the PRC with limited liability, which is principally engaged in the businesses of research and development, production and sales of residential industrialization technologies and related products, etc.
“Xinpu Construction”	Xinpu Construction Group Co., Ltd. (新蒲建設集團有限公司), a company incorporated in the PRC with limited liabilities, which is mainly engaged in construction and contracting of housing and building projects and other businesses
“%”	per cent

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

Changsha, July 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.