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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)

2021 MEDIUM AND LONG-TERM INCENTIVE PLAN

On September 28, 2021, the Board considered and approved a resolution of the adoption of the 2021 Medium and Long-Term Incentive Plan. The Board recommends the adoption of the 2021 Medium and Long-Term Incentive Plan in order to establish and improve the incentive and restrictive mechanism for the Company, and to attract, retain and motivate Directors, senior management members of the Company and outstanding key business personnel that the Company considers should be motivated, to create corporate value and to share its value growth, thereby effectively aligning Shareholders' interests and the Company's interests with personal interests, facilitating the effective implementation of the Company's strategic objectives and ensuring the long-term stable development of the Company. According to the 2021 Medium and Long-Term Incentive Plan, the Board will select, at its discretion, Directors and senior management members of the Company as well as outstanding key business personnel that the Company considers should be motivated, as the Incentive Targets and grant Restricted Shares and/or Share Options to them. The Board will determine the number of Restricted Shares and the exercise price of the Share Options to be granted to the Incentive Targets, and entrust a custodian to purchase a certain number of H Shares in the secondary market for granting to the Incentive Targets. The Restricted Share Incentive Plan and the Share Option Incentive Plan do not constitute a share option scheme under Chapter 17 of the Hong Kong Listing Rules, but rather discretionary plans of the Company.

The 2021 Medium and Long-Term Incentive Plan and the relevant mandate are subject to consideration and approval by the Shareholders at the Shareholders' General Meeting by way of special resolutions.

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I. MAIN CONTENTS OF THE 2021 MEDIUM AND LONG-TERM INCENTIVE PLAN

Objective

The 2021 Medium and Long-Term Incentive Plan aims to further establish and improve the incentive and restrictive mechanism for the Company, and to attract, retain and motivate the Directors, senior management members of the Company and outstanding key business personnel that the Company considers should be motivated, to create corporate value and to share its value growth, thereby effectively aligning Shareholders' interests and the Company's interests with personal interests, facilitating the effective implementation of the Company's strategic objectives and ensuring the long-term stable development of the Company.

Incentive Mode

The 2021 Medium and Long-Term Incentive Plan includes the Restricted Share Incentive Plan and the Share Option Incentive Plan.

Incentive Targets

Incentive Targets include Directors, senior management members of the Company and outstanding key business personnel that the Company considers should be motivated, excluding those who are not eligible to become Incentive Targets in accordance with the requirements of relevant laws and regulations. According to the 2021 Medium and Long-Term Incentive Plan, the Board or the Remuneration and Appraisal Committee of the Board (as the case may be) will review and determine the Incentive Targets and determine the number of Restricted Shares and/or Share Options to be granted.

The grant to any Director, chief executive or substantial shareholders of the Company, or any of their respective associates (as defined under Rule 14A.06(2) of the Hong Kong Listing Rules), shall be subject to the prior approval of the independent non-executive Directors (excluding the independent non-executive Directors who are the proposed Incentive Targets) and shall be subject to the requirements of Chapter 14A of the Hong Kong Listing Rules. Notwithstanding the above, in the event of an award granted to a Director forms part of the relevant Director's remuneration under his/her service contract, the award granted to such Directors will be exempt from the reporting, announcement and independent Shareholders' approval requirements under Rule 14A.95 of the Hong Kong Listing Rules. The Company will also ensure compliance with the public float requirements under the Hong Kong Listing Rules.

Source and Quantity of Shares and Grant Ceiling

Under the Restricted Share Incentive Plan and the Share Option Incentive Plan, the Company will entrust the custodian to purchase a certain number of H Shares in the secondary market to be granted to the Incentive Targets.

Under the Restricted Share Incentive Plan, the total amount of H Shares to be granted to the Incentive Targets will not exceed 3 million H Shares, representing approximately 0.968% of the total number of H Shares and approximately 0.615% of the total number of issued Shares.

Under the Share Option Incentive Plan, the total number of H Share Options to be granted to the Incentive Targets will not exceed 7 million options. Each Share Option has the right to purchase one H Share of the Company at the agreed exercise price within the validity period, subject to the fulfillment of the exercise conditions. If the options are exercised in full, the Company will grant a total of 7 million H Shares to the Incentive Targets, representing approximately 2.259% of the total number of H Shares and approximately 1.435% of the total number of issued Shares. The Incentive Targets have the right to purchase H Shares of the Company at the option exercise price from 2023 to 2027, subject to the fulfillment of the exercise conditions of the Share Options.

Total number of Shares mentioned above have been reserved for core senior management talents that shall be motivated as recognized by the Board in the future, including those newly joined and promoted key personnel.

Restricted Share Incentive Plan

Grant of Restricted Shares

The Company will, at its discretion, select qualified individuals as Incentive Targets and arrange to determine the number of Restricted Shares to be granted at one time in line with the Company's future business development planning cycle.

The Restricted Share Incentive Plan does not constitute a share option scheme under Chapter 17 of the Hong Kong Listing Rules, but rather a discretionary plan of the Company.

Grant Price

The grant will be made at nil consideration, and the Incentive Targets need not make any payment. The payment for purchase of Restricted Shares will be made by the Company.

Incentive Cycle

After being approved at the Shareholders' General Meeting, the Board or the Remuneration and Appraisal Committee of the Board (as the case may be) will identify the Incentive Targets and implement the grants in 2022, the vesting of which will begin in 2023. The lock-up period of Restricted Shares shall start from the date on which the Restricted Shares are granted to the Incentive Targets till December 31, 2022.

Vesting

After the expiration of the lock-up period of Restricted Shares and commencing from January 1, 2023, the persons authorized by the Board or the Remuneration and Appraisal Committee of the Board (as the case may be) will determine whether vesting may occur according to the following conditions:

- (a) The Company does not have any of the following circumstances: the Company's auditor issuing an adverse opinion or unable to express an opinion on the Company's audit report; and the Company having been penalized by the securities regulatory authorities or other relevant authorities due to material violations;
- (b) The overall performance of the Company meets the Board's expectation after assessment; and
- (c) The performance of the relevant Incentive Targets are appraised as competent during the lock-up period of Restricted Shares.

During the lock-up period of the Restricted Shares, the Incentive Targets shall not exercise the voting rights of the Restricted Shares granted, and shall not transfer and make use of the Restricted Shares for any debts guarantee or repayment.

Termination of Vesting

When an Incentive Target encounters any of the following circumstances, the Company can in principle recall the Restricted Shares that have been granted but not yet vested:

- (a) Voluntary resignation or termination during the employment or labor service contract period;
- (b) No renewal of employment or labor service contract after expiration for personal reasons;
- (c) Dismissal due to substandard performance, individual's negligence or violation of laws and regulations;
- (d) Job duties change resulting from incompetence, substandard assessment results, breach of laws, leakage of the Company's confidential information, negligence or dereliction of duty that seriously damages the interests or reputation of the Company and its subsidiaries; and
- (e) Not eligible to become an Incentive Target in accordance with the requirements of the relevant laws and regulations.

Share Option Incentive Plan

Grant of Share Options

The Company will, at its discretion, select qualified individuals as Incentive Targets and arrange to determine the number of Share Options to be granted on a one-off or multiple basis in line with the Company's future business development planning cycle. During such cycle, annual adjustments will be made according to the achievements of the performance targets of the Company and the Incentive Targets.

The Share Option Incentive Plan does not constitute a share option scheme under Chapter 17 of the Hong Kong Listing Rules, but rather a discretionary plan of the Company.

Exercise Price

The option exercise price is determined by the Board. The Incentive Targets may purchase the H Shares of the Company at the option exercise price from January 1, 2023 to December 31, 2027, subject to the fulfillment of the exercise conditions.

Incentive Cycle and Exercise Conditions

After being approved at the Shareholders' General Meeting, the Board or the Remuneration and Appraisal Committee of the Board (as the case may be) will identify the Incentive Targets and grant Share Options at the end of 2022. The Share Options are valid from the date of granting of Share Options to the Incentive Targets till December 31, 2027. The lock-up period of Share Options shall start from the date of granting Share Options to Incentive Targets to December 31, 2022.

Exercise

After the expiration of lock-up period of Share Options, the Board or the Remuneration and Appraisal Committee of the Board (as the case may be) may, from January 1, 2023 to December 31, 2027, determine whether the Incentive Targets have the right to exercise the Share Options granted to them according to the following conditions:

- (a) The Company does not have any of the following circumstances: the Company's auditor issuing an adverse opinion or unable to express an opinion on the Company's audit report; and the Company having been penalized by the securities regulatory authorities or other relevant authorities due to material violations;
- (b) The overall performance of the Company meets the Board's expectation after assessment; and
- (c) The performance of the relevant Incentive Targets are appraised as competent during the lock-up period of Share Options.

After the above conditions are met, the Incentive Targets may acquire the H Shares corresponding to the Share Options after payment of the exercise prices through the Company or the custodians selected by the Company.

The Incentive Targets shall not exercise the voting rights of Share Options corresponding to the H Shares of the Company before the exercises of Share Options, and shall not transfer and make use of the Share Options for any debts guarantee or repayment.

Termination of Share Options

When an Incentive Target encounters any of the following circumstances, the Company can in principle recall the Share Options that have been granted but not yet exercised:

- (a) Voluntary resignation or termination during the employment or labor service contract period;
- (b) No renewal of employment or labor service contract after expiration for personal reasons;
- (c) Dismissal due to substandard performance, individual's negligence or violation of laws and regulations;
- (d) Job duties change resulting from incompetence, substandard assessment results, breach of laws, leakage of the Company's confidential information, negligence or dereliction of duty that seriously damages the interests or reputation of the Company and its subsidiaries; and
- (e) Not eligible to become an Incentive Target in accordance with the requirements of the relevant laws and regulations.

Adjustment of 2021 Medium and Long-Term Incentive Plan

Adjustments of Number of Shares

If the Company carries out conversion of capital reserve into share capital, distribution of bonus Shares, subdivision of Shares, allotment of Shares or capital reduction during the period from the grant date of Restricted Shares to the ending date of the Restricted Shares lock-up period or from the grant date of Share Options to date when the Share Options become exercisable under the 2021 Medium and Long-Term Incentive Plan, the Board or the Remuneration and Appraisal Committee of the Board (as the case may be) will adjust the number of Restricted Shares and Share Options to be granted accordingly pursuant to the provisions of the 2021 Medium and Long-Term Incentive Plan.

Adjustments of Exercise Price of Share Options

If the Company carries out distribution of dividends, conversion of capital reserve into share capital, distribution of bonus Shares, subdivision of Shares, allotment of Shares or capital reduction before the exercise of Share Options, the Board or the Remuneration and Appraisal Committee of the Board (as the case may be) will adjust the exercise price of Share Options accordingly pursuant to the provisions of the 2021 Medium and Long-Term Incentive Plan.

Management of 2021 Medium and Long-Term Incentive Plan

According to the Articles of Association, the 2021 Medium and Long-Term Incentive Plan shall be approved by the Board and implemented after being approved at the Shareholders' General Meeting by way of special resolutions.

The date on which the Board or the Remuneration and Appraisal Committee of the Board (as the case may be) approves the formal grant of Restricted Shares and Share Options to the Incentive Targets in accordance with the incentive plan must be a trading day. The grant date shall not fall within the following period:

- (a) from any time when the Company possesses inside information to the date of publishing such inside information;
- (b) from the 60th day prior to the publication of annual results to the date of publication or from the end of relevant financial period to the date of publication, whichever is shorter;
- (c) from the 30th day prior to the publication of interim/quarterly results (if applicable) to the date of publication or from the end of relevant financial period to the date of publication, whichever is shorter; and
- (d) other restrictions as required by the relevant laws and regulations of the PRC and Hong Kong.

On the premise that the 2021 Medium and Long-Term Incentive Plan is approved at the Shareholders' General Meeting, and in order to facilitate the day-to-day management of the incentive plan, it is recommended that the Shareholders authorize the Board or the Remuneration and Appraisal Committee of the Board (as the case may be) and their further authorized persons (including but not limited to selected custodians) to fully implement all the necessary matters in relation to the 2021 Medium and Long-Term Incentive Plan based on the principle of maximizing the interests of Shareholders and in accordance with the provisions of the incentive plan and the terms of custody contract.

II. RELEVANT MANDATE OF THE 2021 MEDIUM AND LONG-TERM INCENTIVE PLAN

According to the Articles of Association, the 2021 Medium and Long-Term Incentive Plan is subject to consideration and approval at the Shareholders' General Meeting of the Company. The Board proposes to seek Shareholders' approval at the Shareholders' General Meeting to authorize the Board or the Remuneration and Appraisal Committee of the Board (as the case may be) and their further authorized persons, to do all such acts and things as they deem necessary, appropriate or desirable in connection with the implementation and administration of the 2021 Medium and Long-Term Incentive Plan, including but not limited to the following matters:

- (a) Entrusting qualified custodians to purchase no more than 3 million H Shares and 7 million H Shares in the secondary market as the sources of Shares under the Restricted Share Incentive Plan and Share Option Incentive Plan, respectively, pursuant to the 2021 Medium and Long-Term Incentive Plan;

- (b) Determining the Incentive Targets to be rewarded, their qualification requirements, grant date, number of Shares or options to be granted, grant method and exercise price as well as related restrictive conditions according to the provisions of Restricted Share Incentive Plan and Share Option Incentive Plan;
- (c) Reviewing and determining whether the exercise or vesting conditions of Incentive Targets for Restricted Shares or Share Options are met;
- (d) Handling all the matters necessary for granting the Restricted Shares and Share Options to the Incentive Targets when they meet the conditions for granting;
- (e) Adjusting the number of Restricted Shares and Share Options pursuant to the methods stipulated in the incentive plan when the Company converts its capital reserve into share capital, distributes bonus Shares and allots Shares;
- (f) Adjusting the exercise price pursuant to the methods stipulated in the Share Option Incentive Plan when the Company converts its capital reserve into share capital, distributes bonus Shares, allots Shares and distribute dividends; and
- (g) Executing, managing, adjusting and revising the 2021 Medium and Long-Term Incentive Plan and implementing other necessary or appropriate matters (including but not limited to recalling the Restricted Shares that have not been vested and Share Options that have not been exercised from the Incentive Targets), excluding those matters that are subject to approval at the Shareholders' General Meetings in accordance with relevant laws and regulations, the Articles of Association and the provisions of the 2021 Medium and Long-Term Incentive Plan.

The above authorization is valid from the date of approval at the Shareholders' General Meeting to the end of the validity period of the 2021 Medium and Long-Term Incentive Plan.

III. OTHERS

Mr. Zhang Jian, the Shareholder and the Chairman of the Company, personally commits to offer no more than 10 million Shares of the Company as identical incentives in the form of personal gift, and such Shares will be provided out of the Shares (H Shares or Domestic Shares) of the Company directly or indirectly held by Mr. Zhang Jian personally, and the incentive time shall be the same as the 2021 Medium and Long-Term Incentive Plan of the Company.

IV. GENERAL

The Company will convene the Shareholders' General Meeting for the purpose of proposing to the Shareholders to consider and approve resolutions in relation to the 2021 Medium and Long-Term Incentive Plan and the related mandate. A circular of the Shareholders' General Meeting containing, among other things, details of the above resolutions, together with the notice of the Shareholders' General Meeting, will be despatched to the Shareholders in due course.

Shareholders and potential investors should note that the implementation of the 2021 Medium and Long-Term Incentive Plan may not be materialised. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares of the Company.

DEFINITIONS

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

“2021 Medium and Long-Term Incentive Plan”	the 2021 medium and long-term incentive plan of the Company, including the Restricted Share Incentive Plan and the Share Option Incentive Plan to be proposed for consideration and approval by the Shareholders at the first extraordinary general meeting in 2021
“Articles of Association”	the articles of association of the Company (as amended, modified or otherwise supplemented from time to time)
“Board”	the board of Directors of the Company
“Company”	Changsha Broad Homes Industrial Group Co., Ltd. (長沙遠大住宅工業集團股份有限公司), which was established in the PRC on April 30, 2006 as a limited liability company and was converted into a joint stock company with limited liability in the PRC on December 10, 2015, the H Shares of which are listed on the Hong Kong Stock Exchange (stock code: 2163)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	domestic unlisted ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“H Share(s)”	overseas listed foreign investment share(s) of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong Dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Incentive Target(s)”	the eligible persons under the 2021 Medium and Long-Term Incentive Plan, including Directors, senior management members of the Company and outstanding key business personnel that the Company considers should be motivated, excluding those who are not eligible to become Incentive Targets in accordance with the requirements of relevant laws and regulations
“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
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Restricted Share Incentive Plan”	the restricted share incentive plan to be proposed by the Company for adoption at the first extraordinary general meeting in 2021, pursuant to which, the Company shall grant Restricted Shares to the Incentive Targets
“Restricted Shares”	a certain number of H Shares to be granted by the Company to the Incentive Targets at nil consideration according to the conditions stipulated in the Restricted Share Incentive Plan under the 2021 Medium and Long-Term Incentive Plan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) in the share capital of the Company with a nominal value of RMB1.0 each, comprising Domestic Share(s) and H Share(s)
“Share Option(s)”	the option(s) to be granted by the Company to the Incentive Targets to purchase a certain number of H Shares of the Company pursuant to the determined exercise price and conditions in a future period according to the conditions stipulated in the Share Option Incentive Plan under the 2021 Medium and Long-Term Incentive Plan
“Share Option Incentive Plan”	the share option incentive plan to be proposed by the Company for adoption at the first extraordinary general meeting in 2021, pursuant to which, the Company shall grant Share Options to the Incentive Targets
“Shareholder(s)”	holders of the Shares of the Company

“Shareholders’ General Meeting” the first extraordinary general meeting in 2021

“%” per cent

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

Changsha, September 28, 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.