远大住工

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)

RESIGNATION OF AUDITOR

This announcement is made by the board (the "**Board**") of directors (the "**Directors**") of Changsha Broad Homes Industrial Group Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.51(4) of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

RESIGNATION OF AUDITOR

The Board announces that the Company's auditors, namely Confucius International CPA Limited (the "**Auditor**"), has tendered its resignation as the independent auditor of the Company with effect from 23 June 2026.

In its resignation letter dated 23 June 2026 (the "**Resignation Letter**"), the Auditor stated that, after reviewing the independent investigation report (the "**Report**") issued by Acclime Corporate Advisory (Hong Kong) Limited (the "**Forensic Accountant**") dated 19 May 2026, it had requested further information on unresolved matters but considered that management's responses were insufficient. The Auditor further asserted that issues relating to fund flow arrangements, undisclosed share pledges, financial assistance to major shareholders and the commercial substance of material transactions remained insufficiently clarified, which could result in a limitation of audit scope and an inability to obtain sufficient appropriate audit evidence. Accordingly, the Auditor concluded that it was unable to reasonably determine the audit scope and could not commit to completing the audit within the Company's resumption timetable, and therefore resigned with immediate effect, citing Hong Kong Standard on Auditing 240 in light of alleged fraud or integrity issues involving certain individuals.

The Auditor has confirmed in the Resignation Letter that there are matters which it considers should be brought to the attention of the Board, the audit committee (the "**Audit Committee**"), shareholders and creditors of the Company, including but not limited to undisclosed equity pledges and fund transfer arrangements, and override and conflicts of interest involving former senior management, potential limitations of audit scope relating to fund flow arrangements and the commercial substance of certain material transactions, as well as related party transaction disclosure. The Auditor has also consented to the disclosure of the full contents of the Resignation Letter in this announcement.

THE BOARD'S RESPONSE AND POSITION

The Board and the Audit Committee have carefully reviewed the Resignation Letter and the allegations contained therein. The Board strongly disagrees with the Auditor's grounds for resignation and considers that the Resignation Letter contains material inaccuracies and misleading statements. The Company's position is set out below:

1. First, the Report is a formal report and conclusion issued by a fully qualified forensic accounting expert after completing the entire investigation process, and is accompanied by detailed supporting and/or evidence documents.

2. The Resignation Letter mentioned that after the issuance of the Report, the Auditor sent an email on 3 June 2026 requesting the Company's management to provide further information on the unresolved matters in the Report. In fact:

   a. The Company's management explicitly replied to the Auditor on 9 June 2026, reiterating that the Report had addressed the relevant issues set out in paragraphs 9.1 to 9.9, and again attached the relevant supporting documents for the Auditor's reference, believing that the documents requested by the Auditor were already included.

   b. If the Auditor considered the Report to be incomplete or insufficient, it should have provided an explanation or indicated the specific matters, scope or details that required further follow-up, so that the Company and the Forensic Accountant could take action. If the Auditor believed that the information provided by the Company was insufficient and required other information, it should have made specific requests, including the specific documents and information needed. The Company's current management is willing and will make every effort to cooperate, just as it had previously cooperated with the Forensic Accountant. As the Company understands, if necessary, the Forensic Accountant is also willing to cooperate.

   c. The Resignation Letter mentioned that the Audit Committee was aware of the situation, which is entirely misleading. To the Company's understanding, the Audit Committee did not agree with the Auditor's judgment that certain issues required further clarification. On the contrary, the Audit Committee has agreed to and accepted the Report, and acknowledged that the Report had fully addressed the Auditor's audit concerns dated 2 February 2025 and the additional matters identified by the Forensic Accountant during the first-phase forensic review. The Audit Committee has also implemented certain recommendations and is seeking legal advice on the next steps. In that email, the Auditor also did not point out any problems or deficiencies in the Report.

3. The Company acknowledges the issues identified in the Report, which primarily relate to certain non-compliant practices of the former management and the controlling shareholder, including providing financial assistance to shareholders or improperly obtaining funds from the Company. However, the nature of such conduct or transactions involves compliance and disclosure issues, and does not in any way involve the commercial substance of any material transactions.

4. Furthermore, the new management has had no incentive to, and has never, imposed any restrictions on the scope of the audit or hindered the Auditor from obtaining the necessary audit evidence or documents. In fact:

   a. The new management has been fully cooperating with the Forensic Accountant's investigation and the Auditor's audit work, providing all documents that each party considered necessary.

   b. Even before the issuance of the Report, the Company had already reported to the Changsha Public Security Bureau on 20 April 2026 in respect of the suspected misappropriation of the Company's property of approximately RMB29 million by, among others, Ms. Shi Donghong ("**Ms. Shi**") through fraudulent invoices and fictitious expenses. The Company is also actively pursuing repayment of outstanding funds from Hunan Broad Lingmu House Equipment Co., Ltd. and is seeking legal advice on the legal liability in respect of the relevant triangular debts.

   c. The Company has engaged SHINEWING Risk Services Limited as internal control consultant to provide advice on the Company's internal management policies. The Company is also implementing their recommendations, carrying out a comprehensive rectification of internal processes, and has issued formal internal rectification documents, implementing each item one by one.

   d. The Company's management is assessing the financial impact of these matters on the Company and will announce and report to the public in subsequent announcements.

   e. At present, Mr. Zhang Jian has resigned, and the Company has taken all possible and reasonable steps, including suspending Ms. Shi's duties and following due process to remove her directorship.

5. In light of the above, the Company strongly denies the Auditor's claim that it was unable to reasonably determine the scope of the audit, and does not at all understand the basis for the Auditor's withdrawal from the audit. The current management (other than Ms. Shi, who is being removed) has no connection with the suspected individuals, and there are no allegations or integrity issues against the current management. Therefore, the Company considers that the Auditor's reliance on Hong Kong Standard on Auditing 240 as the basis for resignation in the Resignation Letter is completely unreasonable, as such persons are no longer holding positions in the Company.

6. In summary, the Report has fully addressed the concerns and issues mentioned by the Auditor in the Resignation Letter. The current management strongly denies having imposed any restrictions on the scope of the audit (whether formal or informal, oral or written), and reiterates that the current management has been actively cooperating with the Auditor's audit requirements and procedures, and has never engaged in any conduct that interferes with, obstructs, refuses and/or passively resists the Auditor's execution of audit procedures. Therefore, the Company is unable to understand the reasons for the Auditor's resignation.

7. The Company hereby expressly declares that if the Auditor's unreasonable withdrawal from the audit results in the Company's inability to resume trading as scheduled or causes any other losses to the Company, the Company reserves all legal rights to seek recovery of such losses.

APPOINTMENT OF NEW AUDITOR

As at the date of this announcement, the Auditor has not completed the audit of the consolidated financial statements of the Group for the year ended 31 December 2024 and has not been reappointed as auditor for the year ending 31 December 2025. The Company will, in accordance with the Listing Rules and applicable laws, identify and appoint a new auditor to fill the casual vacancy as soon as practicable. Further announcement(s) will be made as and when appropriate.

DELAY IN PUBLICATION OF FINANCIAL RESULTS

Due to the resignation of the Auditor and the need to appoint a new auditor, the publication of the 2024 annual results, the 2025 interim results and the 2025 annual results remains delayed. The Company is taking all appropriate steps to facilitate the publication of the outstanding financial results as soon as possible.

CONTINUING SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 21 March 2025 and will remain suspended until further notice.

The Company will publish further announcement(s) to inform shareholders and potential investors of any material developments in connection with the suspension as and when appropriate.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Changsha Broad Homes Industrial Group Co., Ltd.
Li Weiping
Chairman and executive director

Changsha, 23 June 2026

As at the date of this announcement, the Board comprises Mr. Shen Dan, Ms. Wang Chunmei and Mr. Li Weiping (chairman of the Board) as executive directors; Mr. Hu Wenhan and Ms. Shi Donghong as non-executive directors; and Mr. So Chi Kai, Mr. Peng Zhen and Mr. Ding Huiming as independent non-executive directors.