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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)**

## **PROPOSED CHANGE OF AUDITORS**

This announcement is made by Changsha Broad Homes Industrial Group Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) in accordance with Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) (the “**Listing Rules**”).

References are made to the circular of the Company dated March 28, 2024 and the announcements of the Company dated March 28, 2024 and April 29, 2024 in relation to, among other things, the re-appointment of KPMG and KPMG Huazhen LLP (collectively, “**KPMG**”) as the auditors under the International Financial Reporting Standards and the China Accounting Standards for Business Enterprises for the year 2024, respectively, to audit the Company’s 2024 annual financial statements and review the 2024 interim financial statements, with a term commencing from approval at the 2023 annual general meeting till the next annual general meeting.

The board of directors (the “**Directors**”) of the Company (the “**Board**”) hereby announces that, in light of the Company’s economic conditions and the fact that it conducts its main business only in China, and in order to further consolidate the audit resources, reduce the audit costs and increase work efficiency, the Company proposes to change the auditors for the year 2024. As considered and approved by the audit committee under the Board of the Company (the “**Audit Committee**”) on November 28, 2024 and by the Board on December 9, 2024, the Board proposes to engage Confucius International CPA Limited and the Hunan branch of Pan-China Certified Public Accountants LLP (collectively, “**Pan-China**”) as the auditors under the International Financial Reporting Standards and the China Accounting Standards for Business Enterprises for the year 2024, respectively, to audit the Company’s 2024 annual financial statements, with a term commencing from approval at the general meeting of the Company till the next annual general meeting. In considering the appointment of Pan-China as the Company’s auditors for the year 2024, the Audit Committee and the Board have taken into account various factors, including (but not limited to): (1) Pan-China’s good credibility and influence in the capital market; (2) Pan-China’s expertise, technical competence and relevant resources, including its experience in providing audit services to companies listed on the Hong Kong Stock Exchange, and its familiarity with the Listing Rules and regulatory requirements of the capital market; (3) Pan-China’s long history of cooperation with the Company; (4) Pan-China’s independence and objectivity; and (5) the Guidelines for Effective Audit Committees – Selection, Appointment and Reappointment of Auditors issued by the Accounting and Financial Reporting Council of Hong Kong and other relevant guidelines.

Accordingly, the Audit Committee and the Board consider that Pan-China is independent, suitable and capable (including in terms of manpower, expertise, time and other resources) to act as the Company's auditors for the year 2024, and the Audit Committee recommends to the Board which in turn recommends to the general meeting the appointment of Pan-China as the Company's auditors for the year 2024, with annual audit fee for the year 2024 and interim fee for the year 2025 totalling RMB3 million. The Audit Committee and the Board believe that the change of auditors will not have any material impact on the Company and is in the interests of the Company and the shareholders as a whole. In addition, the Audit Committee and the Board further confirm that the audit work performed by KPMG on the Company's consolidated financial statements for the fiscal year ending December 31, 2024 is not expected to have any material impact on the annual audit for the fiscal year ending December 31, 2024 following the change of auditors; and save as disclosed in this announcement, there are no disagreements or outstanding matters between the Company and KPMG in relation to the change of auditors and there are no other matters in relation to the change of auditors that need to be brought to the attention of the shareholders of the Company.

The Company has made thorough communication with KPMG on matters relating to the proposed change of auditors. KPMG has issued a letter of resignation (effective from December 9, 2024) to the Board stating that as the Company is still in the process of gathering and organizing relevant audit information, KPMG was unable to obtain such information in time to complete the audit plan. Therefore, no reasonable estimate can be made of the time and cost required to complete the audit work for the year 2024 and it is expected that the audit fee for the year 2024 will increase significantly as a result. In addition, KPMG is well aware of the matters relating to the change of auditors, and has confirmed that save as disclosed in this announcement, there are no disagreements or other outstanding matters between KPMG and the Company, and there are no matters in respect of the circumstances leading to KPMG's cessation as the Company's auditor that need to be brought to the attention of holders of securities of the Company. The Company would like to take this opportunity to express its sincere gratitude to KPMG for their dedicated efforts during their tenure.

In accordance with the requirements of the articles of association of the Company, an extraordinary general meeting will be convened to consider the proposed change of auditors. A circular containing, among other things, details of the proposed change of auditors will be published on the websites of the Hong Kong Stock Exchange and the Company in due course.

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

Changsha, China, December 9, 2024

*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 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.*