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## Nature Home Holding Company Limited

大自然家居控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2083)

### CONNECTED TRANSACTION LEASE AGREEMENT

#### CONNECTED TRANSACTION — LEASE AGREEMENT

The Board announces that on 27 September 2019, Jiangmen Nature Home (a wholly-owned subsidiary of the Company) (as lessee) entered into the Lease Agreement with Mr. Yuan (as lessor) in respect of the lease of the Properties, being the land and properties located at Donghuan Hongzi Wai, Nanan Villagers' Committee, Muzhou Town, Jiangmen City, Guangdong Province, the PRC with a total leasing area of approximately 23,031 square meters.

The Properties will be used by Jiangmen Nature Home (or any of its affiliated companies) for its production and operation activities. The Lease Agreement is for a term of three (3) years commencing from 1 October 2019 and expiring on 30 September 2022 (both days inclusive) and the monthly rent payable (exclusive of tax, electricity and water charges) by Jiangmen Nature Home (or any of its affiliated companies) under the Lease Agreement is RMB194,317.

#### Listing Rules Implications

Mr. Yuan is a brother of Ms. Un. Ms. Un is an executive Director and a controlling shareholder of the Company. Hence, Mr. Yuan is a connected person of the Company and the transaction contemplated under the Lease Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 29 March 2019 in relation to, *inter alia*, the March Lease Agreement. Given that the March Lease Agreement and the Lease Agreement were entered into between (i) members of the Group; and (ii) associates of Ms. Un, the March Lease Agreement and the Lease Agreement are required to be aggregated pursuant to Rules 14.22 and 14A.81 of the Listing Rules.

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Lease Agreement and the March Lease Agreement (on an aggregate basis) are above 0.1% but below 5%, the transaction contemplated under the Lease Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## INTRODUCTION

The Board announces that on 27 September 2019, Jiangmen Nature Home (a wholly-owned subsidiary of the Company) (as lessee) entered into the Lease Agreement with Mr. Yuan (a brother of Ms. Un) (as lessor) in respect of the lease of the Properties.

## LEASE AGREEMENT

The principal terms of the Lease Agreement are set out below:

**Date:** 27 September 2019

**Parties:**

1. Jiangmen Nature Home as lessee
2. Mr. Yuan as lessor

**Properties:** The land and properties located at Donghuan Hongzi Wai, Nanan Villagers' Committee, Muzhou Town, Jiangmen City, Guangdong Province, the PRC with a total leasing area of approximately 23,031 square meters.

**Usage:** Production and operation.

**Term of the lease:** Three (3) years commencing from 1 October 2019 and expiring on 30 September 2022 (both days inclusive). Jiangmen Nature Home may, by giving Mr. Yuan three months' written notice before the expiry of the term of the Lease Agreement, request for the renewal of the lease for a further term of three (3) years. Jiangmen Nature Home and Mr. Yuan shall enter into a new lease agreement if the Lease Agreement is to be renewed.

**Rent:** RMB194,317 per month, payable in cash on a monthly basis and exclusive of tax, electricity and water charges. The total rent payable during the term under the Lease Agreement is approximately RMB6,995,000 and is expected to be financed by internal resources of the Group.

It is estimated that the Lease Agreement will be recognised as a right of use asset at a value of approximately RMB6,995,000. Such value, which is solely based on the preliminary assessment by the management of the Company based on the available information relating to the Properties, has not been audited or reviewed by the auditors of the Company, and is therefore subject to change.

If during the term of the Lease Agreement, Mr. Yuan leases any portion of the premises located at Donghuan Hongzi Wai, Nanan Villagers' Committee, Muzhou Town, Jiangmen City, Guangdong Province, the PRC to any other tenant(s) at an average rent per square meter which is lower than that payable by Jiangmen Nature Home under the Lease Agreement, the rent payable by Jiangmen Nature Home shall be adjusted to the average rent per square meter payable by such tenant(s).

**Deposit:** RMB388,634, payable within seven (7) days after the date of the Lease Agreement.

### **Reasons for and Benefits of the Lease Agreement**

Jiangmen Nature Home, being the lessee under the Lease Agreement, is a company incorporated in the PRC and is a wholly-owned subsidiary of the Company. Jiangmen Nature Home is principally engaged in the manufacturing and sales of flooring products in the PRC and has planned to expand its scale of production. The Company considers that the Lease Agreement could (i) fix the amount of the rent payable by Jiangmen Nature Home in the medium term and avoid substantial increase in rent payable by Jiangmen Nature Home in accordance with the expected appreciation in the value of the Properties; and (ii) provide Jiangmen Nature Home with stability in its production and operation activities given the right to renew the lease of the Properties upon expiry of the initial term of the Lease Agreement.

The rent payable by Jiangmen Nature Home to Mr. Yuan under the Lease Agreement was negotiated on an arm's length basis between the parties and determined with reference to the average rent per square meter of properties that are comparable to the Properties in terms of location and size.

Based on the aforesaid, the Directors (including the independent non-executive Directors but excluding Mr. Se, Ms. Un, Mr. She Jian Bin and Mr. Liang Zhihua who have abstained from voting) are of the view that the Lease Agreement was entered into after arm's length negotiation between the parties and in the ordinary and usual course of business of the Group, reflects normal commercial terms and is fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

Apart from Mr. Se (who is the spouse of Ms. Un), Ms. Un (who is a sister of Mr. Yuan), Mr. She Jian Bin (who is the brother of Mr. Se) and Mr. Liang Zhihua (who is a brother-in-law of Mr. Se), none of the other Directors has a material interest in the transaction contemplated under the Lease Agreement or was required to abstain from voting on the relevant resolutions of the Board. Mr. Se, Ms. Un and Mr. She Jian Bin have abstained from voting (and Mr. Liang Zhihua did not attend the relevant Board Meeting and therefore did not vote) on the Board resolutions approving the Lease Agreement and the transaction contemplated thereunder.

### **Listing Rules Implications**

Mr. Yuan is a brother of Ms. Un. Ms. Un is an executive Director and a controlling shareholder of the Company. Hence, Mr. Yuan is a connected person of the Company and the transaction contemplated under the Lease Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 29 March 2019 in relation to, *inter alia*, the March Lease Agreement. Given that the March Lease Agreement and the Lease Agreement were entered into between (i) members of the Group; and (ii) associates of Ms. Un, the March Lease Agreement and the Lease Agreement are required to be aggregated pursuant to Rules 14.22 and 14A.81 of the Listing Rules.

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Lease Agreement and the March Lease Agreement (on an aggregate basis) are above 0.1% but below 5%, the transaction contemplated under the Lease Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **INFORMATION ON THE COMPANY**

The Company is an investment holding company. The principal activities of the Group are the manufacturing and sales of flooring and home decoration products.

### **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of directors of the Company
“Company”	Nature Home Holding Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2083)

“connected person(s)”	has the meaning ascribed to this term under Chapter 14A of the Listing Rules
“controlling shareholder”	has the meaning ascribed to this term under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Jiangmen Nature Home”	Jiangmen Nature Home Company Limited (江門大自然家居有限公司), a wholly-owned subsidiary of the Company and the lessee under the Lease Agreement
“Lease Agreement”	the lease agreement dated 27 September 2019 and entered into between Jiangmen Nature Home (as lessee) and Mr. Yuan (as lessor) in relation to the lease of the Properties
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“March Lease Agreement”	the lease agreement dated 29 March 2019 and entered into between Zhongshan Nature Gerui New Material Company Limited (中山市大自然格瑞新型材料有限公司) (as lessee) and Foshan Shunde Dajia Property Management Company Limited (佛山市順德區大嘉物業管理有限公司) (as lessor) in relation to the lease of the Zhongshan Properties
“Mr. Se”	Mr. Se Hok Pan, the chairman, president and a controlling shareholder of the Company and an executive Director
“Mr. Yuan”	Mr. Yuan Shutian, the lessor under the Lease Agreement and a brother of Ms. Un
“Ms. Un”	Ms. Un Son I, an executive Director and a controlling shareholder of the Company and the spouse of Mr. Se
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Properties”	the land and properties located at Donghuan Hongzi Wai, Nanan Villagers’ Committee, Muzhou Town, Jiangmen City, Guangdong Province, the PRC (中國廣東省江門市睦洲鎮南安村民委員會東環紅字圍) with a total leasing area of approximately 23,031 square meters

“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhongshan Properties”	the land and properties located next to No. 163, Qiyong Road, Dayong Town, Zhongshan, Guangdong Province, the PRC (中國廣東省中山市大湧鎮岐湧路163號) with a total area of approximately 26,200 square meters

By order of the Board  
**Nature Home Holding Company Limited**  
**Se Hok Pan**  
*Chairman*

Hong Kong, 27 September 2019

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. SE Hok Pan, Ms. UN Son I and Mr. SHE Jian Bin, as executive directors; Mr. LIANG Zhihua and Mr. TEOH Chun Ming as non-executive directors; Professor LI Kwok Cheung, Arthur, Mr. CHAN Siu Wing, Raymond and Mr. HO King Fung, Eric as independent non-executive directors.*