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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)

PROFIT WARNING

This announcement is made by Nature Home Holding Company Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Group is expected to record a consolidated net loss (the “**Expected Loss**”) for the six months ended 30 June 2020 (the “**Period**”) as compared to the consolidated net profit of approximately RMB34,932,000 for the six months ended 30 June 2019. The Expected Loss was mainly due to the negative impacts of the outbreak of novel coronavirus epidemic (the “**Epidemic**”) in the People’s Republic of China (the “**PRC**”) during the first quarter of 2020, details of which are as follows:

1. In response to the Epidemic, the PRC government has implemented a series of measures at different levels such as travel restrictions, community quarantine and lockdowns in provinces and cities across the country, resulting in a postponement of the production resumption of most of the Group’s factories in the PRC after the Chinese New Year holiday, which have gradually resumed normal since March; and
2. The Epidemic and the above-mentioned measures have hit the consumer market and the retail sales of home decoration products in the PRC were affected. Certain distributors of the Group were also temporarily closed for business and only resumed normal operation in the second quarter. As a result, the Group recorded a decrease in sales from stores of home decoration products for the Period as compared with the corresponding period last year, which resulted in a drop in the overall gross profit margin as well as the Expected Loss.

The Group's project sales had been affected by the Epidemic to a lesser degree, and realised a faster resumption. In particular, the project sales covering the three major types of products (namely, flooring, wooden doors and wardrobes and cabinets) recorded a double digit growth as compared with the corresponding period last year. After offsetting the effect of decrease in retail sales and increase in project sales, the Group recorded an increase in the overall sales for the Period as compared with the corresponding period last year. In addition, the Group adopted several measures to reduce costs and expenses during the Period, with an aim of lowering the cost margin in order to reduce the Expected Loss and cope with the tough market environment.

As compared with many other countries, the community quarantine measures in place in the PRC are relatively more effective as reflected by the shorter lockdown period and quicker economic recovery. Therefore, the Group considered that impacts of the Epidemic on the market in the PRC were temporary. Besides, the Group has developed a solid market base in the PRC, the Group is cautiously optimistic about the consumer market in the PRC and the business of the Group for the second half of the year.

The Company is still in the process of preparing and finalising the results of the Group for the six months ended 30 June 2020. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the unaudited management accounts of the Group for the six months ended 30 June 2020, and is not based on any information or figures which have been audited or reviewed by the Group's auditors and may be subject to possible adjustments.

Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the six months ended 30 June 2020, which is expected to be published by the end of August 2020.

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

By order of the Board
Nature Home Holding Company Limited
Se Hok Pan
Chairman and Executive Director

Hong Kong, 20 July 2020

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.