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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)

### **DISCLOSEABLE TRANSACTION**

### **DISPOSAL OF SALE SHARES**

#### **THE AGREEMENT**

The Board is pleased to announce that on 23 April 2021, the Seller (a wholly-owned subsidiary of the Company) entered into the Agreement with the Purchaser, pursuant to which the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares representing approximately 11.22% of the share capital of the Target Company, for a total Consideration of RMB120,000,000.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Agreement are more than 5% but less than 25%, the transaction contemplated under the Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**The Disposal is subject to fulfilment of certain conditions precedent set out in the Agreement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

The Board is pleased to announce that on 23 April 2021, the Seller (a wholly-owned subsidiary of the Company) entered into the Agreement with the Purchaser, pursuant to which the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares representing approximately 11.22% of the share capital Target Company, for a total Consideration of RMB120,000,000.

Save for the Sale Shares, the Company and the Seller do not hold any other interest in the Target Company. Upon completion of the Disposal, the Company and the Seller will cease to hold any interest in the Target Company.

Set out below is a summary of the material terms of the Agreement.

## **THE AGREEMENT**

### **Date**

23 April 2021

### **Parties**

Purchaser: Henglin Home Stock Limited (恒林家居股份有限公司)

Seller: Nature Home (China) Limited (大自然家居(中國)有限公司)

### **Assets to be disposed of**

Pursuant to the Agreement, the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares representing approximately 11.22% of the share capital in the Target Company. The Sale Shares were subscribed for by the Seller in October 2014 at the total subscription price of approximately RMB25,045,000 (equivalent to approximately HK\$30,054,000) pursuant to a subscription agreement entered into between the Seller and the Target Company.

The Target Company is a joint stock limited liability company incorporated in the PRC. Further details of the Target Company are set out in the section headed “Information on the Target Group” below.

### **Consideration**

The Consideration for the Disposal is RMB120,000,000 (equivalent to approximately HK\$144,000,000) and payable by Purchaser to the Seller in cash in the following manner:

- (a) the first payment in the amount of RMB36,000,000 (equivalent to approximately HK\$43,200,000) shall be paid in cash by the Purchaser to the Seller within three (3) business days after signing of the Agreement; and

- (b) the balance in the amount of RMB84,000,000 (equivalent to approximately HK\$100,800,000) shall be paid in cash by the Purchaser to the Seller within ten (10) business days upon completion of the Disposal.

The consideration per Sale Share is approximately RMB11.64, representing a premium of approximately 142.5% over the net asset value attributable to each Sale Share.

The Consideration was determined after arm's length negotiation between the Seller and the Purchaser having taken into account, among other things, (i) the reasons for the Disposal as disclosed in the section headed "Reasons for and benefits of the Disposal" below; (ii) the historical financial performance and information of the Target Group (including the earnings and net asset value of the Target Group for the year ended 31 December 2020); (iii) the historical return to the Company from its investment in the Target Company in the form of dividend received; and (iv) the fact that the Company holds a minority interest in the Target Company with no board seat or any influence in the management of the Target Company and that the Target Company is unlisted.

### **Conditions**

The completion of the Disposal is conditional upon the fulfilment of all the following Conditions:

- (1) the Agreement and relevant documents having been duly executed;
- (2) all necessary consents and approvals required to be obtained in respect of the Agreement and the transactions contemplated thereunder having been obtained or waived; and
- (3) the representations and warranties given by the Seller to the Purchaser under the Agreement remaining true, accurate and complete in all material aspects.

### **Completion of the Disposal**

Subject to the Conditions being satisfied, within twenty (20) business days after the date of the Agreement, the Seller and the Purchaser shall procure that the registration for the transfer of the Sale Shares from the Seller to the Purchaser be made with the relevant governmental authorities. The completion of the Disposal shall take place on the date on which the registration for the transfer of the Sale Shares is completed.

Upon completion of the Disposal, the Company and the Seller will cease to hold any interest in the Target Company.

### **FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS**

The Sale Shares were accounted for in the Company's accounts as other financial assets. The net carrying value of the Sale Shares was approximately RMB56,584,000 (equivalent to approximately HK\$67,900,800) as at 31 December 2020. It is expected that the Company will record a fair value adjustment (before tax) of approximately RMB63,416,000 (equivalent to approximately HK\$76,099,200) arising from the Disposal, being the difference between the amount of the

Consideration and the net carrying value of the Sale Shares. Such fair value adjustment on the Disposal is for illustrative purpose only and is subject to audit, and is expected to be recognised in other comprehensive income in the consolidated financial statements of the Company. The Company intends to apply the net sale proceeds from the Disposal for the general working capital of the Group.

## INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the PRC with a registered capital of approximately RMB91,883,000 (equivalent to approximately HK\$110,259,600) and is held, among others, as to approximately 11.22% and approximately 30.91% by the Seller as the third largest shareholder and the Purchaser as the second largest shareholder, respectively, as at the date of this announcement.

The Target Company and its subsidiaries are principally engaged in the sales and manufacturing of stone plastic composite (SPC) flooring, bamboo flooring and household furniture in the PRC, and the shares of which were listed on the National Equities Exchange and Quotations System (also known as the “PRC New Third Board”) from March 2015 to July 2020.

Based on the unaudited consolidated financial statements of Target Company for the financial years ended 31 December 2019 and 31 December 2020 prepared in accordance with generally accepted accounting principles in the PRC, certain selected financial information of the Target Company for the financial years ended 31 December 2019 and 31 December 2020 are set out as follows:

	<b>For the financial year ended 31 December</b>			
	<b>2019</b>		<b>2020</b>	
	<i>RMB'000</i>	<i>(equivalent to) HK\$'000</i>	<i>RMB'000</i>	<i>(equivalent to) HK\$'000</i>
Net profit before taxation	93,460	112,152	94,314	113,177
Net profit after taxation	80,897	97,076	89,955	107,946

Based on the unaudited consolidated financial statements of Target Company for the financial year ended 31 December 2020 prepared in accordance with generally accepted accounting principles in the PRC, the consolidated net asset value of the Target Company as at 31 December 2020 was approximately RMB506,194,000 (equivalent to approximately HK\$607,432,800).

## INFORMATION ON THE PURCHASER

The Purchaser is a joint stock limited liability company incorporated in the PRC and the shares of which are listed on the Shanghai Stock Exchange (stock code: 600748). The Purchaser and its subsidiaries are engaged in research and development, manufacturing and sale of office chair, sofa and massage chair. The Purchaser is the second largest shareholder of the Target Company holding 30.91% of the total share capital of the Target Company as at the date of this announcement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **INFORMATION ON THE COMPANY AND SELLER**

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

The Seller is a company incorporated in the PRC and is an indirect wholly-owned subsidiary of the Company. The Seller is principally engaged in the sales of flooring products in the PRC.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Sale Shares were subscribed for by the Seller in October 2014 at the total subscription price of approximately RMB25,045,000 (equivalent to approximately HK\$30,054,000). Although the Company is optimistic about the prospect of the household furnishing materials industry in the PRC, it is uncertain as to whether the investment in the Target Company will enjoy any further capital appreciation due to (i) the keen competition in the industry; and (ii) the fact that the Seller does not have any influence over the management of the Target Group and that the Target Company was delisted from the PRC New Third Board in July 2020. The Directors are of the view that the Disposal represents a good opportunity for the Group to realise its investment in the Target Company with a reasonable return and allows the Group to strengthen the Group's liquidity position and deploy more resources for the development of its core business.

Based on the aforesaid, the Directors are of the view that the terms of the Agreement are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

## **Listing Rules Implications**

As one or more of the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Agreement are more than 5% but less than 25%, the transactions contemplated under the Agreement constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**The Disposal is subject to fulfilment of certain conditions precedent set out in the Agreement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 23 April 2021 and entered into between the Seller and the Purchaser for the Disposal
“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)
“Conditions”	the conditions precedent to the completion of the Disposal
“connected person(s)”	has the meaning ascribed to this term under Chapter 14A of the Listing Rules
“Consideration”	the total consideration in the amount of RMB120,000,000 to be paid in cash by the Purchaser to the Seller for the Disposal
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares by the Seller to the Purchaser pursuant to the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Purchaser”	Henglin Home Stock Limited* (恒林家居股份有限公司), a joint stock limited liability company incorporated in the PRC and the shares of which are listed on the Shanghai Stock Exchange (stock code: 600748)
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	10,306,765 shares of the Target Company, representing approximately 11.22% of the share capital of the Target Company

“Seller”	Nature Home (China) Limited* (大自然家居(中國)有限公司), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Zhejiang Yongyu Bamboo Stock Limited* (浙江永裕竹業股份有限公司), a joint stock limited liability company incorporated in the PRC
“Target Group”	Target Company and its subsidiaries
“%”	percentage

\* For identification purpose only

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

Hong Kong, 23 April 2021

*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. TEOH Chun Ming and Mr. LIANG Zhihua 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.*

*For the purpose of this announcement, the exchange rate of RMB 1.00 = HK\$1.20 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.*