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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)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

HIGHLIGHTS:

	Six months ended 30 June		Change
	2021	2020	
	RMB'000	RMB'000	
Revenue			
— Sales of flooring products	1,819,932	946,464	92.3%
— Sales of customised home decoration products	471,510	427,690	10.2%
— Provision of trademarks and distribution network	39,922	30,358	31.5%
	2,331,364	1,404,512	66.0%
Gross profit	560,987	325,162	72.5%
Profit/(loss) for the period	47,534	(34,205)	N/A
EBITDA ^(note)	168,064	61,724	172.3%
Profit/(loss) attributable to equity shareholders	49,274	(30,545)	N/A
Basic earnings/(loss) per share	RMB0.036	RMB(0.022)	N/A

The business of the Group in the PRC has resumed to normal and to the level before the outbreak of COVID-19 pandemic. As a result, (i) the overall revenue increased by 66.0% as compared to the corresponding period in 2020; and (ii) the results of the Group for the Period have turned around to a net profit of RMB47,534,000 from the net loss of approximately RMB34,205,000 for the corresponding period in 2020.

The Board does not recommend the declaration and payment of any interim dividend.

Note: For the purposes of this announcement, EBITDA is defined as profit before net finance costs, income tax, depreciation and amortisation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of last year, the outbreak of novel coronavirus (COVID-19) pandemic across the People's Republic of China (the "PRC") and around the world struck a devastating blow to the economic and marketing activities in various countries. In the second half of 2020, due to the fact that the epidemic prevention and control measures in the PRC had been effective, and vaccines had become more widely available, the COVID-19 pandemic was coming under control in the PRC. The retail market for home decoration products in the PRC has generally returned to normal.

During the six months ended 30 June 2021 (the "Period"), the retail business of the Group in the PRC has resumed to normal and to the level before the outbreak of COVID-19 pandemic. Thus, the growth of the Group's project division business had slowed down as compared to retail business. The Group's overall sales recorded an increase for the Period as compared with the corresponding period of last year, representing an increase of 66.0% from approximately RMB1,404,512,000 in the corresponding period of last year to approximately RMB2,331,364,000 for the Period.

DISCLOSEABLE TRANSACTION — DISPOSAL OF SHARES IN ZHEJIANG YONGYU

On 23 April 2021, Nature Home (China) Limited (大自然家居(中國)有限公司) (a wholly-owned subsidiary of the Company, the "Seller") entered into a sale and purchase agreement with the Henglin Home Stock Limited (恒林家居股份有限公司) (the "Purchaser"), pursuant to which the Seller agreed to sell, and the Purchaser agreed to acquire, 10,306,765 shares of Zhejiang Yongyu Bamboo Stock Limited (浙江永裕竹業股份有限公司) (the "Target Company"), representing approximately 11.22% of the share capital of the Target Company, for a total consideration of RMB120,000,000 (the "Disposal").

The Disposal constituted a discloseable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Further details in relation to the Disposal are set out in the announcement of the Company dated 23 April 2021.

The completion of the Disposal took place on 21 May 2021.

1. Flooring Products

Benefiting from the resumption of retail business to pre-outbreak levels, the Group's total revenue in respect of flooring products increased by 90.7% from approximately RMB975,452,000 in the corresponding period of last year to approximately RMB1,859,854,000 for the Period.

The business of manufacturing and sale of flooring products

During the Period, given the recovery of the Group's flooring products business, together with benefits from the sales contribution of the newly setup Stone Plastic Composite ("SPC") flooring plant in Cambodia and the newly acquired engineered flooring plant in the PRC since the second half year of 2020, the Group's total revenue from the production and distribution of flooring products increased by 92.3% from approximately RMB946,464,000 in the corresponding period of last year to approximately RMB1,819,932,000 for the Period.

In terms of the flooring's sales network, the Group has extensive sales coverage across the PRC. As at 30 June 2021, the total number of flooring stores was 3,366 (31 December 2020: 3,395). The Group currently owns a total of twelve flooring plants, which are mainly engaged in the manufacturing of laminated floorings, engineered floorings and SPC floorings.

Provision of trademarks and distribution network for flooring products

The Group's flooring products under the "Nature" brand are manufactured by its self-owned production plants and through its exclusive authorised manufacturers. Such authorised manufacturers solely manufacture our branded flooring products and sell these products to the distributors within our distribution network in an exclusive and direct manner, for which we charge them trademarks and distribution network usage fees. During the Period, part of the engineered flooring products were produced in self-owned production plants, which offset the increase in related usage fees. The revenue generated from trademarks and distribution network usage fees for flooring products increased by 37.7% to approximately RMB39,922,000 from that of the same period of last year.

2. Customised Home Decoration Products

The customised home decoration products of the Group mainly comprise of wooden doors, wardrobes and cabinets. Generally, the Group will manufacture the customised products based on the customers' requirements upon receipt of purchase orders. During the Period, the retail sales for customised home decoration products recorded an increase and total revenue increased by 9.9% from approximately RMB429,060,000 for the same period of last year to approximately RMB471,510,000 for the Period.

The business of manufacturing and sale of wooden doors

The revenue of wooden door business was stable at approximately RMB189,759,000 as compared to the same period last year. As at 30 June 2021, the Group owned a total of 850 (31 December 2020: 895) wooden door stores. The Group currently owns three wooden door production plants.

The business of manufacturing and sale of wardrobes and cabinets

The revenue of wardrobes and cabinets business was stable at approximately RMB186,283,000 as compared to the same period last year. As at 30 June 2021, the Group owned a total of 63 (31 December 2020: 67) wardrobe and cabinet stores. The Group currently owns two production plants for wardrobe and cabinet products.

Provision of trademarks and distribution network for customised products

During the Period, there was no revenue from trademarks and distribution network usage fees for customised products.

Other sales business

During the Period, the sales revenue from other home decoration products (namely comprehensive decoration services and products) increased by 100.4% to approximately RMB95,468,000 as compared to the same period of last year.

Prospect

In the second half of 2021, there are still many uncertainties about global and Chinese economies, such as the recurrence of the COVID-19 pandemic around the world and the regulation policies on the real estate market in the PRC. In the short term, the Group's businesses, especially the domestic business, are largely affected by these uncertainties. Taking into account the credit risks arising from the real estate market regulation policies, we will make appropriate adjustment to the proportion of our project business in the second half of the year, thus the benefits of recovery of our retail business is expected to be offset to a certain extent.

For the international business, the Group completed the strategic layout of international production and sales in 2020. In addition, the Group's production plant for SPC flooring products in Cambodia has commenced production in the second half year of 2020, and such investments contributed to the sales of the Group during the Period. We continue to fully take advantage of the international layout of production capacity and access to international sales channels.

The Group's flagship brand "Nature" has been recognized by consumers as an image of quality and safe products and represents healthy life and environmental protection. Since the starting of our household product strategy of providing integrated green home decoration products, we have formed a strategic layout with various green home decoration product brands, including Nature floorings, Nature wooden doors, etc., running together with "Nature" as a leading brand.

Despite the Group's business in the PRC has recovered to the pre-pandemic level during the Period and the overall business maintained steady growth, the home decoration products industry in the PRC still faced difficult market conditions in the second half of the year due to the regulation policies in the PRC. Through the efforts over the past few years, the Group has completed its deployment in production capacity of foreign operations. In the future, the Group will focus on the capacity

optimization to reorganize production lines in the PRC, so as to build a whole-chain closed-loop system, enrich product diversity and enhance profitability under the strategic layout with various home decoration product brands.

FINANCIAL REVIEW

Revenue

For the Period, we generate revenue from two business segments: (1) manufacturing and sale of flooring products; and (2) manufacturing and sale of customised home decoration products.

“Manufacturing and sale of flooring products” represents the revenue generated from (i) sales of self-produced flooring products; (ii) sales of trading flooring products; and (iii) licensing fee income from flooring products manufactured by authorised manufacturers which sell flooring products under the Group’s trademarks and distribution network.

“Manufacturing and sale of customised home decoration products” represents the revenue generated from (i) sales of self-produced home decoration products other than flooring products, including wooden doors, wardrobes and cabinets; (ii) sales of trading customised home decoration products; and (iii) licensing fee income from customised home decoration products manufactured by authorised manufacturers which sell customised home decoration products under the Group’s trademarks and distribution network.

Set forth below is the revenues generated from each business segment for the periods indicated:

Revenue	For the six months ended 30 June				Revenue Growth rate %
	2021		2020		
	RMB'000	% of total revenue	RMB'000	% of total revenue	
Manufacturing and sale of flooring products					
— sales of goods	1,819,932	78.1	946,464	67.4	92.3
— provision of trademarks and distribution network	<u>39,922</u>	<u>1.7</u>	<u>28,988</u>	<u>2.1</u>	<u>37.7</u>
	<u>1,859,854</u>	<u>79.8</u>	<u>975,452</u>	<u>69.5</u>	<u>90.7</u>
Manufacturing and sale of customised home decoration products					
— sales of goods	471,510	20.2	427,690	30.4	10.2
— provision of trademarks and distribution network	<u>—</u>	<u>—</u>	<u>1,370</u>	<u>0.1</u>	<u>N/A</u>
	<u>471,510</u>	<u>20.2</u>	<u>429,060</u>	<u>30.5</u>	<u>9.9</u>
Total	<u>2,331,364</u>	<u>100.0</u>	<u>1,404,512</u>	<u>100.0</u>	<u>66.0</u>

The overall revenue increased by 66.0% from approximately RMB1,404,512,000 for the corresponding period of 2020 to approximately RMB2,331,364,000 for the Period.

The business of the Group in the PRC has resumed to normal and to the level before the outbreak of COVID-19 pandemic. Revenue from the segment of manufacturing and sale of flooring products increased by 90.7% from approximately RMB975,452,000 for the corresponding period of 2020 to approximately RMB1,859,854,000 for the Period.

Revenue from the segment of manufacturing and sale of customised home decoration products increased by 9.9% from approximately RMB429,060,000 for the corresponding period of 2020 to approximately RMB471,510,000 for the Period.

Gross Profit

Set forth below is the gross profit generated from each business segment for the periods indicated:

	For the six months ended 30 June				Growth rate %
	2021		2020		
Gross Profit	RMB'000	GP%	RMB'000	GP%	
Manufacturing and sale of flooring products					
— sales of goods	425,488	23.4	210,234	22.2	102.4
— provision of trademarks and distribution network	36,482	91.4	26,897	92.8	35.6
	<u>461,970</u>	<u>24.8</u>	<u>237,131</u>	<u>24.3</u>	<u>94.8</u>
Manufacturing and sale of customised home decoration products					
— sales of goods	99,017	21.0	86,760	20.3	14.1
— provision of trademarks and distribution network	—	N/A	1,271	92.8	N/A
	<u>99,017</u>	<u>21.0</u>	<u>88,031</u>	<u>20.5</u>	<u>12.5</u>
Total	<u>560,987</u>	<u>24.1</u>	<u>325,162</u>	<u>23.2</u>	<u>72.5</u>
EBITDA	<u>168,064</u>	<u>7.2</u>	<u>61,724</u>	<u>4.4</u>	<u>172.3</u>

The overall gross profit increased by 72.5% from approximately RMB325,162,000 for the corresponding period of 2020 to approximately RMB560,987,000 for the Period and the overall gross profit margin increased from 23.2% to 24.1% for the Period.

The segment of manufacturing and sale of flooring products contributed a gross profit of approximately RMB461,970,000 for the Period, representing an increase of 94.8%, compared to approximately RMB237,131,000 for the corresponding period of 2020. The gross profit margin maintained at 24.8% for the Period.

The segment of manufacturing and sale of customised home decoration products contributed a gross profit of approximately RMB99,017,000 for the Period, representing an increase of 12.5%, compared to approximately RMB88,031,000 for the corresponding period of 2020. The gross profit margin maintained at 21.0% for the Period.

EBITDA

The EBITDA increased by 172.3% from approximately RMB61,724,000 for the corresponding period of 2020 to approximately RMB168,064,000 for the Period and the EBITDA margin increased from 4.4% to 7.2% for the Period.

EBITDA is defined as profit before net finance costs, income tax, depreciation and amortisation.

Other Income

Other income consists primarily of rental income from operating leases and government grants which are subject to the discretion of the relevant authorities. Other income increased by RMB12,177,000 from approximately RMB17,613,000 for the corresponding period of 2020 to approximately RMB29,790,000 for the Period. It was mainly attributable to the net gain on disposal of other property.

Distribution Costs

Distribution costs consist primarily of advertising and promotion expenses, transportation and storage fees, staff costs, travelling expenses, decoration allowance to distributors and other miscellaneous expenses.

Distribution costs were approximately RMB247,945,000 for the Period, representing an increase of approximately 40.8%, compared to approximately RMB176,076,000 for the corresponding period of 2020. It was in line with the increase in revenue.

The percentage of distribution costs to revenue decreased from 12.5% for the corresponding period of 2020 to 10.6% for the Period.

Administrative Expenses

Administrative expenses (excluding research and development costs) consist primarily of staff costs, audit, legal and consulting fees, depreciation and amortization expenses, operating lease charges, travelling expenses and other miscellaneous expenses.

Administrative expenses were approximately RMB146,030,000 for the Period, representing an increase of approximately 14.9%, compared to approximately RMB127,074,000 for the corresponding period of 2020. It was mainly due to the increase in staff costs.

The percentage of administrative expenses to revenue decreased from 9.0% for the corresponding period of 2020 to 6.3% for the Period.

Other Operating Expenses

Other operating expenses increased by RMB17,121,000 from approximately RMB22,776,000 for the corresponding period of 2020 to approximately RMB39,897,000 for the Period. It was mainly due to the impairment losses on plant and machinery and the increase in net foreign exchange loss.

Net Finance Costs

Net finance costs represent the difference between finance income and finance costs. Finance income consists primarily of interest income on bank deposits and certain customers. Finance costs consist primarily of interest expenses on bank and other loans. Net finance costs decreased from approximately RMB15,279,000 for the corresponding period of 2020 to approximately RMB14,213,000 for the Period.

Finance income increased from approximately RMB25,812,000 for the corresponding period of 2020 to approximately RMB26,340,000 for the Period.

Finance costs decreased from approximately RMB41,091,000 for the corresponding period of 2020 to approximately RMB40,553,000 for the Period.

Income Tax

Income tax represents the combination of our current income tax and deferred income tax.

Income tax was approximately RMB29,198,000 for the Period compared to approximately RMB4,822,000 for the corresponding period of 2020, which was the net effect of the current income tax of approximately RMB38,453,000 and the net deferred tax income of approximately RMB9,255,000. The increase in income tax was mainly due to the increase in profit of our PRC operations during the Period.

Profit Attributable to Equity Shareholders of the Company

Resulting from the factors mentioned above, the profit attributable to equity shareholders of the Company was approximately RMB49,274,000 for the Period, compared to the loss of approximately RMB30,545,000 for the corresponding period of 2020.

LIQUIDITY

Cash Flow

The Group meets its working capital and other capital requirements principally with the following: (i) cash generated from operations; and (ii) proceeds from loans and borrowings. The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

During the Period, the Group used net cash of approximately RMB34,177,000 in operating activities (six months ended 30 June 2020: RMB466,159,000) and had a net proceeds from bank and other loans of approximately RMB176,334,000 (six months ended 30 June 2020: RMB585,927,000).

Net Current Assets and Working Capital Sufficiency

As at 30 June 2021, net current assets was approximately RMB1,209,255,000, representing an increase of 34.6%, compared to approximately RMB898,272,000 as at 31 December 2020. The current ratios as at 30 June 2021 and 31 December 2020 were 1.3 and 1.3, respectively.

Cash Conversion Cycle

	<u>Turnover days</u>		Change (days)
	For rolling 12 months ended		
	30 June 2021	31 December 2020	
Trade and bills receivables and contract assets	164	187	(23)
Inventories	88	97	(9)
Trade and bills payables	<u>(149)</u>	<u>(187)</u>	<u>38</u>
Net	<u>103</u>	<u>97</u>	<u>6</u>

As at 30 June 2021, trade and bills receivables and contract assets turnover days decreased by 23 days to 164 days.

As at 30 June 2021, inventories turnover days decreased by 9 days to 88 days.

As at 30 June 2021, trade and bills payables turnover days decreased by 38 days to 149 days.

The Group has business dealings with China Evergrande Group and its subsidiaries (“Evergrande”) which purchased flooring products from the Group. As at 30 June 2021, the Group has net trade receivables from Evergrande amounted to approximately RMB662 million, of which the net amount due for payment was approximately RMB60.1 million. The Group is discussing with Evergrande on the payment arrangement of the trade receivables. The Group has noted that there have been negative news in the market about the Evergrande’s ability to repay. The Group is unable to determine whether Evergrande’s future development will have a negative impact on the future profits and financial position of the Group for the time being. The Group will continue to pay attention to the relevant developments and to make appropriate announcement(s) for the relevant significant impacts if and when necessary.

FINANCIAL RESOURCES

The following table presents our adjusted gearing ratio of the Group as at the dates indicated.

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Bills payables	666,795	571,796
Bank loans:		
Current	1,173,302	1,264,762
Non-current	205,609	167,288
Other loans:		
Current	—	5,141
Non-current	221,103	—
Sub-total	2,266,809	2,008,987
Less:		
Cash and cash equivalents	611,166	509,385
Restricted deposits	389,846	414,067
Adjusted net debt	1,265,797	1,085,535
Total equity	2,540,160	2,435,685
Adjusted gearing percentage	49.8%	44.6%

Our adjusted gearing percentage, which are derived by dividing adjusted net debt by total equity of the Group, were 49.8% and 44.6% as at 30 June 2021 and 31 December 2020, respectively.

Adjusted net debt is defined as total debts which include bills payables and interest-bearing loans, less cash and cash equivalents and restricted deposits.

During the six months ended 30 June 2021, the PRC government provided 3 loans with an aggregate amount of RMB275,000,000 (the “other loan”) to the Group.

Two of these loans are unsecured, interest free for the first 5 years and bear annual interest at one-year Loan Prime Rate published by the People’s Bank of China for the remaining periods and repayable in 2027 and 2028. The another one is unsecured, interest free and repayable in 2029.

The Group recorded the other loan by its present value of RMB221,103,000 at a discount rate of 4.65% which is announced by reference to the borrowing rate for loans over 5 years quoted by People’s Bank of China at initial recognition.

The board of directors (the “Board”) of Nature Home Holding Company Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021. The results have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2021 — unaudited

(Expressed in Renminbi)

		Six months ended 30 June	
		2021	2020
	Note	RMB'000	RMB'000
Revenue	3	2,331,364	1,404,512
Cost of sales		<u>(1,770,377)</u>	<u>(1,079,350)</u>
Gross profit		560,987	325,162
Other income	5(a)	29,790	17,613
Distribution costs		(247,945)	(176,076)
Administrative expenses		(146,030)	(127,074)
Research and development costs		(4,261)	(3,847)
Impairment losses on receivables		(61,699)	(27,106)
Other operating expenses	5(b)	<u>(39,897)</u>	<u>(22,776)</u>
Profit/(loss) from operations		<u>90,945</u>	<u>(14,104)</u>
Finance income		26,340	25,812
Finance costs		<u>(40,553)</u>	<u>(41,091)</u>
Net finance costs	6(a)	<u>(14,213)</u>	<u>(15,279)</u>
Profit/(loss) before taxation	6	76,732	(29,383)
Income tax	7	<u>(29,198)</u>	<u>(4,822)</u>
Profit/(loss) for the period		<u>47,534</u>	<u>(34,205)</u>
Attributable to:			
Equity shareholders of the Company		49,274	(30,545)
Non-controlling interests		<u>(1,740)</u>	<u>(3,660)</u>
Profit/(loss) for the period		<u>47,534</u>	<u>(34,205)</u>
Earnings/(loss) per share (RMB):	8		
Basic and diluted		<u>0.036</u>	<u>(0.022)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

*for the six months ended 30 June 2021 — unaudited
(Expressed in Renminbi)*

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Profit/(loss) for the period	47,534	(34,205)
Other comprehensive income/(loss) for the period (after tax and reclassification adjustments)		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income — net movement in fair value reserve (non-recycling)	(23,891)	5,832
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of the financial statements of entities not using RMB as functional currency	<u>12,602</u>	<u>(9,405)</u>
Other comprehensive loss for the period	<u>(11,289)</u>	<u>(3,573)</u>
Total comprehensive income/(loss) for the period	<u>36,245</u>	<u>(37,778)</u>
Attributable to:		
Equity shareholders of the Company	38,034	(34,884)
Non-controlling interests	<u>(1,789)</u>	<u>(2,894)</u>
Total comprehensive income/(loss) for the period	<u>36,245</u>	<u>(37,778)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2021 — unaudited

(Expressed in Renminbi)

	<i>Note</i>	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Non-current assets			
Investment properties		201,345	221,572
Other property, plant and equipment		<u>1,084,500</u>	<u>1,020,603</u>
		1,285,845	1,242,175
Right-of-use assets		208,464	211,056
Intangible assets		12,566	13,501
Goodwill		9,846	9,946
Interest in associates		7,363	7,404
Equity investment designated at fair value through other comprehensive income (FVOCI)		59,844	91,076
Deposits, prepayments and other receivables		129,614	52,473
Deferred tax assets		<u>125,843</u>	<u>111,321</u>
		<u>1,839,385</u>	<u>1,738,952</u>
Current assets			
Inventories		918,904	811,387
Trade and bills receivables	9	2,214,604	2,145,942
Contract assets		250,340	251,296
Deposits, prepayments and other receivables		280,193	267,327
Financial assets measured at fair value through profit or loss (FVPL)		21,200	—
Restricted deposits		389,846	414,067
Cash and cash equivalents		<u>611,166</u>	<u>509,385</u>
		<u>4,686,253</u>	<u>4,399,404</u>

		At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
	<i>Note</i>		
Current liabilities			
Trade and bills payables	10	1,655,842	1,614,053
Contract liabilities		147,886	129,094
Deposits received, accruals and other payables		421,162	438,695
Bank and other loans		1,173,302	1,269,903
Lease liabilities		24,454	26,033
Current taxation		<u>54,352</u>	<u>23,354</u>
		<u>3,476,998</u>	<u>3,501,132</u>
Net current assets		<u>1,209,255</u>	<u>898,272</u>
Total assets less current liabilities		<u>3,048,640</u>	<u>2,637,224</u>
Non-current liabilities			
Bank and other loans		426,712	167,288
Lease liabilities		21,199	27,612
Deferred income		55,854	—
Deferred tax liabilities		<u>4,715</u>	<u>6,639</u>
		<u>508,480</u>	<u>201,539</u>
NET ASSETS		<u>2,540,160</u>	<u>2,435,685</u>
CAPITAL AND RESERVES			
Share capital		8,987	8,987
Reserves		<u>2,405,649</u>	<u>2,302,844</u>
Total equity attributable to equity shareholders of the Company		<u>2,414,636</u>	<u>2,311,831</u>
Non-controlling interests		<u>125,524</u>	<u>123,854</u>
TOTAL EQUITY		<u>2,540,160</u>	<u>2,435,685</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2021 — unaudited

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company										
	Share capital	Share premium	Capital redemption reserve	Statutory surplus reserve	Exchange reserve	Fair value reserve (non-recycling)	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2021	8,987	835,920	84	222,612	(11,298)	5,068	37,107	1,213,351	2,311,831	123,854	2,435,685
Changes in equity for the six months ended 30 June 2020											
Profit for the period	—	—	—	—	—	—	—	49,274	49,274	(1,740)	47,534
Other comprehensive income	—	—	—	—	12,651	(23,891)	—	—	(11,240)	(49)	(11,289)
Total comprehensive income	—	—	—	—	12,651	(23,891)	—	49,274	38,034	(1,789)	36,245
Share options forfeited during the period	—	—	—	—	—	—	(1,004)	1,004	—	—	—
Acquisition of subsidiary	—	—	—	—	—	—	(1,148)	—	(1,148)	(41)	(1,189)
Acquisition of non-controlling interests	—	—	—	—	—	—	(5,500)	—	(5,500)	3,500	(2,000)
Disposal of financial assets	—	—	—	—	—	—	—	71,419	71,419	—	71,419
Balance at 30 June 2021	<u>8,987</u>	<u>835,920</u>	<u>84</u>	<u>222,612</u>	<u>1,353</u>	<u>(18,823)</u>	<u>29,455</u>	<u>1,335,048</u>	<u>2,414,636</u>	<u>125,524</u>	<u>2,540,160</u>

	Attributable to equity shareholders of the Company											
	Share capital	Share premium	Other treasury shares	Capital redemption reserve	Statutory surplus reserve	Exchange reserve	Fair value reserve (non-recycling)	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2020	8,998	837,796	(2,382)	84	217,621	(12,736)	5,378	53,523	1,183,391	2,291,673	94,929	2,386,602
Changes in equity for the six months ended 30 June 2020												
Loss for the period	—	—	—	—	—	—	—	—	(30,545)	(30,545)	(3,660)	(34,205)
Other comprehensive income	—	—	—	—	—	(10,171)	5,832	—	—	(4,339)	766	(3,573)
Total comprehensive income	—	—	—	—	—	(10,171)	5,832	—	(30,545)	(34,884)	(2,894)	(37,778)
Share options cancelled and forfeited during the period	—	—	—	—	—	—	—	(14,722)	14,722	—	—	—
Sale of equity interests in a subsidiary	—	—	—	—	—	—	—	—	(8)	(8)	908	900
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	—	—	32,000	32,000
Balance at 30 June 2020 and 1 July 2020	<u>8,998</u>	<u>837,796</u>	<u>(2,382)</u>	<u>84</u>	<u>217,621</u>	<u>(22,907)</u>	<u>11,210</u>	<u>38,801</u>	<u>1,167,560</u>	<u>2,256,781</u>	<u>124,943</u>	<u>2,381,724</u>
Changes in equity for the six months ended 31 December 2020												
Profit for the period	—	—	—	—	—	—	—	—	48,444	48,444	(21)	48,423
Other comprehensive income	—	—	—	—	—	11,609	(6,142)	—	—	5,467	(1,209)	4,258
Total comprehensive income	—	—	—	—	—	11,609	(6,142)	—	48,444	53,911	(1,230)	52,681
Capital injection from non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	450	450
Sales of equity interests in a subsidiary	—	—	—	—	—	—	—	(8)	8	—	—	—
Liquidation of subsidiaries	—	—	—	—	—	—	—	—	—	—	(309)	(309)
Transfer to statutory surplus reserve	—	—	—	—	4,991	—	—	—	(4,991)	—	—	—
Share options cancelled and forfeited during the period	—	—	—	—	—	—	—	(1,686)	1,686	—	—	—
Disposal of financial assets	—	—	—	—	—	—	—	—	644	644	—	644
Sales of treasury shares	—	(491)	2,382	—	—	—	—	—	—	1,891	—	1,891
Purchase and cancel of own shares	(11)	(1,385)	—	—	—	—	—	—	—	(1,396)	—	(1,396)
Balance at 31 December 2020	<u>8,987</u>	<u>835,920</u>	<u>—</u>	<u>84</u>	<u>222,612</u>	<u>(11,298)</u>	<u>5,068</u>	<u>37,107</u>	<u>1,213,351</u>	<u>2,311,831</u>	<u>123,854</u>	<u>2,435,685</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*for the six months ended 30 June 2021 — unaudited**(Expressed in Renminbi)*

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Operating activities		
Cash used in operations	(4,124)	(432,801)
Tax paid	(30,053)	(33,358)
Net cash used in operating activities	(34,177)	(466,159)
Investing activities		
Payment for the non-current asset	(175,932)	(104,110)
Proceeds from the non-current asset	11,588	7,810
Received from the acquisition of subsidiary	3,886	—
Payment for acquisition of equity investment classified as FVOCI	(6,200)	(25,000)
Proceeds from sales of financial assets at FVOCI	125,567	—
Payment for the purchase of FVPL	(20,000)	—
Dividend received from investments	921	—
Proceeds from sales of equity interest in a subsidiary	—	900
Interest received	46,372	4,589
Net cash used in investing activities	(13,798)	(115,811)
Financing activities		
Proceeds from bank and other loans	1,017,302	980,476
Repayment of bank and other loans	(840,968)	(394,549)
Capital element of lease rentals paid	(12,764)	(13,864)
Interest element of lease rentals paid	(1,414)	(1,854)
Proceeds of contribution from non-controlling interests holder	—	32,000
Payment for acquisition of non-controlling interests holder	(2,000)	—
Interest paid	(37,182)	(39,237)
Net cash flows generated from restricted deposit	24,221	33,366
Net cash generated from financing activities	147,195	596,338
Net increase in cash and cash equivalents	99,220	14,368
Cash and cash equivalents at 1 January	509,385	540,185
Effect of foreign exchanges rates changes	2,561	944
Cash and cash equivalents at 30 June	611,166	555,497

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 31 August 2021.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Nature Home Holding Company Limited (the “Company”) and its subsidiaries (together, the “Group”) since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to this financial information for the current accounting period:

- Amendment to IFRS 16, *Covid-19-Related Rent Concessions beyond 30 June 2021*
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest rate benchmark reform — phase 2*

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial information. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (flooring products and customised home decoration products) and geography. In a manner consistent with the way in which information is reported internally to the Group’s most senior executive management for the purposes of resources allocation and performance assessment.

The Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Manufacturing and sale of flooring products: this segment manufactures and sells flooring products and generates licensing fee income from products manufactured by authorised manufactures which sell flooring products under the Group’s trademarks and distribution network.
- Manufacturing and sale of customised home decoration products: this segment manufactures and sells other home decoration products, including wooden doors, wardrobes, cabinets and wall papers, provides home decoration services and generates licensing fee income from other home decoration products manufactured by authorised manufactures which sell products under the Group’s trademarks and distribution network.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2021	2020
	RMB’000	RMB’000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products of service line		
● Manufacturing and sale of flooring products		
— Sale of goods	1,819,932	946,464
— Provision of trademarks and distribution network	39,922	28,988
● Manufacturing and sale of customised home decoration products		
— Sale of goods	471,510	427,690
— Provision of trademarks and distribution network	—	1,370
	<u>2,331,364</u>	<u>1,404,512</u>
Disaggregated by geographic location of customers		
— People’s Republic of China (the “PRC”), Hong Kong and Macau	1,969,262	1,145,318
— USA	251,243	172,537
— Other countries	110,859	86,657
	<u>2,331,364</u>	<u>1,404,512</u>

The Group’s customer base is diversified and only one customer with whom transactions have exceeded 10% of the Group’s revenues for the six months ended 30 June 2021 (six months ended 30 June 2020: one). For the six months ended 30 June 2021, revenues from sales of home decoration products to this customer amounted to approximately RMB240,072,000 (six months ended 30 June 2020: RMB212,848,000) and arose only in the PRC by geographical region in which the home decoration products division is active.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 3(b).

(b) **Information about profit or loss, assets and liabilities**

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Manufacturing and sale of flooring products		Manufacturing and sale of customised home decoration products		Total	
	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the six months ended 30 June						
Disaggregated by timing or revenue recognition						
Point in time	1,654,277	790,539	137,666	98,441	1,791,943	888,980
Over time	165,655	155,925	333,844	329,249	499,499	485,174
Subtotal of sales of goods	1,819,932	946,464	471,510	427,690	2,291,442	1,374,154
Provision of trademarks and distribution network	39,922	28,988	—	1,370	39,922	30,358
Revenue from external customers	1,859,854	975,452	471,510	429,060	2,331,364	1,404,512
Inter-segment revenue	11,228	1,908	11,984	6,498	23,212	8,406
Reportable segment revenue	1,871,082	977,360	483,494	435,558	2,354,576	1,412,918
Reportable segment profit (adjusted EBITDA)	116,411	40,492	38,108	13,417	154,519	53,909
Additions to non-current segment assets during the period	234,960	128,996	28,280	11,839	263,240	140,835
Impairment of plant and machine	13,164	—	—	—	13,164	—
As at 30 June/31 December						
Reportable segment assets	5,702,017	4,478,592	1,810,245	1,520,663	7,512,262	5,999,255
Reportable segment liabilities	3,535,760	2,532,718	1,185,571	1,199,805	4,721,331	3,732,523

(c) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Reportable segment profit	154,519	53,909
Elimination of inter-segment profits	<u>(376)</u>	<u>(8)</u>
Reportable segment profit derived from Group's external customers and joint venture	154,143	53,901
Other income	29,790	17,613
Depreciation and amortisation	(77,119)	(75,828)
Net finance cost	(14,213)	(15,279)
Impairment losses on non-current assets	(13,164)	—
Unallocated head office and corporate expense	<u>(2,705)</u>	<u>(9,790)</u>
Consolidated profit/(loss) before taxation	<u>76,732</u>	<u>(29,383)</u>

4 SEASONALITY OF OPERATIONS

Based on past experiences, the Group's principal activity of selling home decoration products achieves higher sales in the fourth quarter and lower sales in the first quarter, compared to average quarter sales in the year, due to increased demand in home decoration market before year end and decreased demand during the long Spring Festival holiday period. As a result, the Group typically reports lower revenue and segment results for the first half of the year, than the second half.

For the twelve months ended 30 June 2021, the Group reported revenue of RMB4,858,284,000 (twelve months ended 30 June 2020 RMB3,549,204,000), and gross profit of RMB1,233,697,000 (twelve months ended 30 June 2020: RMB905,589,000).

5 OTHER INCOME/OTHER OPERATING EXPENSES

(a) Other income

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Government grants (i)	7,962	3,069
Net gain on disposal of other property, plant and equipment	7,202	—
Rental income from operating leases	7,769	10,513
Others	6,857	4,031
	<u>29,790</u>	<u>17,613</u>

(i) Government grants for the six months ended 30 June 2021 mainly represented unconditional cash awards granted by the government authorities in the PRC.

(b) Other operating expenses

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Net loss on disposal of other property, plant and equipment	—	3,058
Donations	2,154	1,158
Depreciation and related cost of lease-out assets	9,068	10,156
Net foreign exchange loss	11,931	5,585
Impairment losses on plant and machinery	13,164	—
Others	3,580	2,819
	<u>39,897</u>	<u>22,776</u>

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after (crediting)/charging:

(a) Finance income and finance costs

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Interest income on bank deposits and others	<u>(26,340)</u>	<u>(25,812)</u>
Finance income	<u><u>(26,340)</u></u>	<u><u>(25,812)</u></u>
Interest expense on bank loans and others	39,139	39,237
Interest on lease liabilities	<u>1,414</u>	<u>1,854</u>
Finance costs	<u><u>40,553</u></u>	<u><u>41,091</u></u>

(b) Other items

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Depreciation		
— owned property, plant and equipment	60,086	58,307
— right-of-use assets	14,886	15,404
Amortisation	2,147	2,117
Impairment losses on plant and machinery	13,164	—
Inventory write-down and losses net of reversals	12,672	16,925
Expense relating to short-term leases	<u>7,372</u>	<u>5,657</u>

7 INCOME TAX

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
Provision for income tax	37,040	14,321
Withholding tax	564	3,650
Over-provision in respect of prior years	<u>849</u>	<u>382</u>
	38,453	18,353
Deferred tax		
Reversal of temporary differences	<u>(9,255)</u>	<u>(13,531)</u>
	<u>29,198</u>	<u>4,822</u>

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) The Group’s subsidiaries incorporated in the USA were subject to federal income tax at 21% (21% for the six months ended 30 June 2020) and state income tax for the six months ended 30 June 2021.
- (iii) The Group’s subsidiaries incorporated in Hong Kong were subject to Hong Kong Profits Tax rate of 16.5% for the six months ended 30 June 2021 (16.5% for the six months ended 30 June 2020) except that the first HKD2 million estimated assessable profits calculated at 8.25% for the six months ended 30 June 2021 (8.25% for the six months ended 30 June 2020).
- (iv) The Group’s subsidiaries incorporated in Macau were subject to Macau Complementary Tax. The provision for Macau Complementary Tax for the six months ended 30 June 2021 and 2020 is calculated at the rate of 12%, of which assessable profits of the first MOP600,000 is exempted from tax.
- (v) The statutory income tax rate applicable to the Group’s subsidiaries in the PRC is 25% for the six months ended 30 June 2021 and 2020 except for those set out below:
 - (a) Certain subsidiaries enjoy the preferential income tax rate for small enterprise of 2.5%–10% for the six months ended 30 June 2021 (5%–10% for the six months ended 30 June 2020).
 - (b) Guangxi Baijing Flooring Co., Ltd (“Guangxi Baijing”) is recognised as qualified enterprise located in the western region of the PRC. Guangxi Baijing enjoys preferential enterprise income tax rate of 15% from 2021 to 2030, pursuant to Announcement [2020] No.23 of the Ministry of Finance, State Taxation Administration and National Development and Reform Commission.
 - (c) Nature (Zhongshan) Wood Industry Co., Ltd. has qualified as a High and New Technology Enterprise (“HNTE”) in 2016 and entitled to preferential corporate income tax rate of 15% until 2021.

(vi) The Group's subsidiaries incorporated in Poland were subject to income tax rate of 19% for the six months ended 30 June 2021 and 2020. One of the subsidiaries is entitled to an income tax relief up to 19% of its total qualified investment.

(vii) The Group's subsidiaries incorporated in Cambodia are recognised as Qualified Investment Project ("QIP") and are exempted from income tax for export businesses for the six months ended 30 June 2021 and 2020.

8 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of RMB49,274,000 (six months ended 30 June 2020: loss of RMB30,545,000) and the weighted average of 1,377,784,000 ordinary shares (six months ended 30 June 2020: 1,377,172,000) in issue during the interim period.

Weighted average number of ordinary shares

	Six months ended 30 June	
	2021 '000	2020 '000
Issued ordinary shares at 1 January	1,377,784	1,379,382
Treasury shares	—	(2,210)
Weighted average number of ordinary shares at 30 June	<u>1,377,784</u>	<u>1,377,172</u>

(b) Diluted earnings/(loss) per share

During the six months ended 30 June 2021 and 2020, the effect of the Company's outstanding share options was anti-dilutive. Therefore, diluted earnings/(loss) per share were the same as the basic earnings/(loss) per share.

9 TRADE AND BILLS RECEIVABLES

As of the end of the reporting period, the aging analysis of trade debtors and bills receivables, based on the invoice date and net of loss allowance is as follows:

	At 30 June	At 31 December
	2021 RMB'000	2020 RMB'000
Within 1 month	469,908	331,200
1 to 3 months	487,422	657,224
3 to 6 months	316,521	449,034
6 to 12 months	683,545	588,479
Over 12 months	<u>257,208</u>	<u>120,005</u>
	<u>2,214,604</u>	<u>2,145,942</u>

As at 30 June 2021, trade debtors of RMB108,042,000 (31 December 2020: trade receivables of RMB169,083,000) were pledged to banks to secure bank loans obtained by the Group.

Trade and bills receivables are due within 30 to 365 days from the date of billing. Debtors with balances past due, the Group will request debtors to settle all outstanding balances or negotiate the payment terms. Normally, the Group does not obtain collateral from customers.

10 TRADE AND BILLS PAYABLES

As of the end of the reporting period, the aging analysis of trade creditors and bills payables, based on the invoice date, is as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 month	704,881	648,570
1 to 3 months	560,897	520,234
3 to 6 months	261,693	320,724
6 to 12 months	39,889	34,210
Over 12 months	88,482	90,315
	<u>1,655,842</u>	<u>1,614,053</u>

11. DIVIDENDS

The Board has resolved not to declare any interim dividends for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

CAPITAL EXPENDITURES

Capital expenditures amounted to approximately RMB175,932,000 for the Period (six months ended 30 June 2020: RMB104,110,000). It primarily related to purchases of property, plant and equipment.

Commitments and Contingent liabilities

(a) Capital commitments

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Contracted for	<u>37,492</u>	<u>60,481</u>

(b) Contingent liabilities

The Group continues to deny any liability in respect of the claims. Based on the advice of the Group's legal counsels, the directors of the Group believes it is not probable that the courts will fine against them. No provision has therefore been made in respect of claims.

FOREIGN CURRENCY RISK

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e., a currency other than the functional currency of the entity to which the transactions relate. The currencies giving rise to this risk are primarily Renminbi ("RMB"), United States Dollars ("USD"), Macau Pataca ("MOP"), Peruvian Nuevo Sol ("PEN"), Euro ("EUR") and Polish Zloty ("PLN"). On the other hand, our bank and other loans, cash and cash equivalents are primarily in RMB, USD, EUR, Hong Kong Dollars ("HKD") and PLN. The Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. The Group does not have any hedging policy for foreign currencies in place and does not currently hedge transactions undertaken in foreign currencies. However, the Board will remain alert to any relevant risks and, if necessary, consider to hedge any material potential foreign exchange risk.

EMPLOYEES

As at 30 June 2021, the Group had 5,970 employees (at 31 December 2020: 5,606). Relevant staff cost was approximately RMB300,212,000 for the Period compared to approximately RMB226,377,000 for the corresponding period of 2020. The Group will regularly review remuneration and benefits of its employees according to the relevant market practice and individual performance of the employees. In addition to basic salary, employees are entitled to other benefits including social insurance contribution, employee provident fund schemes, share option schemes and share award scheme.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES OR JOINT VENTURES

The Group did not have any material acquisition or disposal of subsidiaries, associated companies or joint ventures during the Period.

SUBSEQUENT EVENTS

Save as disclosed in the section headed “Proposed Privatisation of the Company” below, no other significant events took place subsequent to 30 June 2021.

FUTURE PLANS FOR MATERIAL INVESTMENTS

Save as disclosed in this announcement, there was no specific plan for material investments and acquisition of material capital assets as at 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF THE SECURITIES

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

INTERIM DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound governance policies and measures. The Board will continue to review and monitor the corporate governance of the Company with reference to the Corporate Governance Code (the “Code”) set out in Appendix 14 to the Listing Rules so as to maintain a high standard of corporate governance of the Company.

During the Period, the Company has complied with the applicable code provisions of the Code, except for the code provision A.2.1 which requires that the roles of chairman and chief executive should be separated and should not be performed by the same individual.

Currently, the roles of Chairman and President of the Company are performed by Mr. Se Hok Pan. Mr. Se Hok Pan is a co-founder of the Group and was appointed director of the Company on 27 July 2007. Mr. Se is responsible for formulating overall strategic planning, business development and management of the Company and is instrumental to the Group’s growth and business expansion since its establishment in 2004. The Company believes that the combination of the roles of Chairman and President can promote the efficient formulation and implementation of the Company’s strategies which will enable the Group to seize business development opportunities efficiently. The Company believes

that through the supervision of the Board and its independent non-executive directors, sufficient safeguards are in place to ensure balance of powers within the Board so that the interests of the shareholders are adequately and fairly represented.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code throughout the six months ended 30 June 2021.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Group’s interim results will be included in the Company’s interim report for the six months ended 30 June 2021 which will be published on the website of the Stock Exchange and the Company’s website at www.nature-home.com.hk and will be dispatched to the Company’s shareholders in due course.

AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the Code. As at the date of this announcement, the Audit Committee consists of the following members:

Mr. Chan Siu Wing, Raymond (*Chairman*)

Mr. Ho King Fung, Eric

Mr. Teoh Chun Ming

The chief responsibilities of the Audit Committee include making recommendations to the Board on the appointment, reappointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of such auditors; reviewing the interim and annual reports and accounts of the Group; and supervising the financial reporting process and effectiveness of internal control system of the Group. The Audit Committee has reviewed and discussed the interim results for the six months ended 30 June 2021.

PROPOSED PRIVATISATION OF THE COMPANY

Reference is made to the joint announcement of the Company and New Modern Home Limited (the “Offeror”) dated 27 July 2021 (the “Joint Announcement”). Capitalised terms used in this section shall bear the same meanings as those defined in the Joint Announcement unless the context requires otherwise.

On 26 July 2021, the Offeror requested the Board to put forward the Proposal to the Independent Shareholders regarding the proposed privatisation of the Company by way of the Scheme under Section 86 of the Companies Act.

Under the Scheme, if the Scheme becomes effective, the Scheme Shareholders will receive from the Offeror the cancellation price of HK\$1.70 in cash for each Scheme Share as consideration for the cancellation of the Scheme Shares held.

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of New Shares being issued as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect from the date on which the Scheme becomes effective. Please refer to the Joint Announcement for further details in relation to Proposal.

The Proposal is conditional upon the satisfaction or (where applicable) waiver of the Conditions. Accordingly, the Proposal may or may not be implemented, the Scheme may or may not become effective and the Option Offer may or may not become unconditional. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company.

Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

APPRECIATION

On behalf of the Board of Directors, I hereby express our sincere gratitude to the outstanding contributions and endless efforts made by the management and all employees, as well as the strong support from all our customers, business partners, and shareholders.

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

Hong Kong, 31 August 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. 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.