



IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO. FSD      OF 2021 (    )

IN THE MATTER OF SECTIONS 14 TO 16 AND SECTION 86 OF THE COMPANIES  
ACT (2021 REVISION)

AND

IN THE MATTER OF NATURE HOME HOLDING COMPANY LIMITED 大自然家居控股  
有限公司

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**PETITION**

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**TO: THE GRAND COURT OF THE CAYMAN ISLANDS**

THE HUMBLE PETITION OF NATURE HOME HOLDING COMPANY LIMITED 大自然家居控股有限公司, an exempted company incorporated with limited liability under the laws of the Cayman Islands with registration number 192320, whose registered office is located at Conyers Trust Company (Cayman) Limited, P.O. Box 2681, Cricket Square, Hutchins Drive, Grand Cayman KY1-1111, Cayman Islands (the "**Company**") shows that:

**INTRODUCTION**

1. The objects of this Petition are to seek:

- (a) the sanction of the Court pursuant to section 86 of the Companies Act (2021 Revision) (the "**Companies Act**") of a proposed Scheme of Arrangement (the "**Scheme**") between the Company and the holders of the Scheme Shares (as defined in the Scheme and as set out at paragraph 12(a) below); and
- (b) the confirmation of the Court, pursuant to section 16 of the Companies Act, of the intended resolution of the Company's shareholders to reduce the Company's share capital to give effect to the Scheme, which is intended to be passed by the Company's shareholders as a special resolution, as set out further at paragraph 12 below.

### **INCORPORATION, OBJECTS AND SHARE CAPITAL**

2. On 27 July 2007, the Company was incorporated with the name of China Flooring Holding Company Limited (中國地板控股有限公司) as an exempted company limited by shares pursuant to the Companies Act. On 5 June 2013, the Company changed its name to Nature Flooring Holding Company Limited (大自然地板控股有限公司). On 29 May 2014, the Company changed its name to its present name. The registered office of the Company is situated at Conyers Trust Company (Cayman) Limited, P.O. Box 2681, Cricket Square, Hutchins Drive, Grand Cayman KY1-1111, Cayman Islands. The Company's head office is situated in the People's Republic of China (the "**PRC**") at 1 Zhi Cheng Road, Daliang Street, Shunde, Foshan City, Guangdong Province and the Company's principal place of business is situated in Hong Kong at Suite 2601, 26/F, Tower 2, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong.
3. Pursuant to the Company's Memorandum of Association adopted by way of written resolution dated 3 May 2011 (the "**Memorandum**"), subject to provisions 5 to 6 of the Company's Memorandum, the objects for which the Company was established are unrestricted. The principal activities of the Company and its subsidiaries (the "**Group**") are the manufacturing and sale of flooring products and customised home decoration products including wooden doors, wardrobes

and cabinets. The Group is one of the largest wood flooring brands in China in terms of market share by sales value of branded wood flooring products.

4. The authorised share capital of the Company is US\$4,000,000 divided into 4,000,000,000 shares of a nominal or par value of US\$0.001 each (each a "**Share**"). As at 27 July 2021 (the "**Announcement Date**"), the Company had 1,377,783,990 Shares in issue, all of which are fully paid.
5. The Shares of the Company have been listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") since 26 May 2011.
6. At the request of the Company, trading of the Shares on the Hong Kong Stock Exchange was suspended with effect from 1.00 p.m. (Hong Kong time) on 19 July 2021. Following the publication of the joint announcement by the Company and the New Modern Home Limited 新現代家居有限公司, a company incorporated in Hong Kong with limited liability (the "**Offeror**") on the Announcement Date in relation to, among other things, the Scheme, trading of the Shares on the Hong Kong Stock Exchange was resumed with effect from 9.00 a.m. (Hong Kong time) on 28 July 2021.

#### SHAREHOLDER PROFILE

7. The profile of the Company's shareholders, as at the Announcement Date, can be summarised and categorised into the following two groups:
  - (a) certain parties acting in concert or presumed to be acting in concert with the Offeror pursuant to the definition of "*acting in concert*" under the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**") issued by the Securities and Futures Commission of Hong Kong (the "**SFC**") in relation to the Company (the "**Offeror Concert Parties**") hold or are beneficially interested in 1,085,662,990 Shares, comprising approximately 78.80% of the Company's issued Shares. The Offeror Concert Parties include, *inter alia*:

- (i) Freewings Development Co., Ltd., a company incorporated in the British Virgin Islands with limited liability, is the controlling shareholder of the Company and is the holder of 663,768,000 Shares, representing approximately 48.18% of the Company's issued Shares;
  - (ii) DeHua TB New Decoration Material Co., Ltd. (德華兔寶寶裝飾新材股份有限公司) (the "**Rollover Shareholder**"), a joint stock company established in the PRC with limited liability and whose shares are listed on the Shenzhen Stock Exchange (stock code: 002043), is the holder of 269,999,990 Shares, representing approximately 19.60% of the Company's issued Shares;
  - (iii) Weng Hou Investment Company Limited, a company incorporated in Macau with limited liability, is the holder of 92,300,000 Shares representing approximately 6.70% of the Company's issued Shares; and
  - (iv) Mr Se Hok Pan (the Chairman and President of the Company) is the holder of 20,000,000 Shares, representing approximately 1.45% of the Company's issued shares,
- (b) the holders of the Scheme Shares (as defined at paragraph 12(a) below) (being the holders of the Shares in the Company other than the Offeror and the Offeror Concert Parties) who as at the Announcement Date, held the remaining 292,121,000 Shares of the Company, representing approximately 21.20% of the Company's issued Shares.
8. The Offeror and the Offeror Concert Parties will not be voting at the Court Meeting (as defined at paragraph 14(b) below), or at all, to approve the Scheme, as the Shares owned by the Offeror and the Offeror Concert Parties will not form part of the Scheme Shares.
9. The number of Shares of the Company in issue and the ownership of the same may fluctuate between the date of this Petition and the date of the sanction of the

Scheme (if so sanctioned) as a result of the normal trading of the Shares and any Shares that are issued pursuant to the Share Option Scheme (as defined below) in the ordinary course.

#### **OBJECT AND MECHANICS OF THE SCHEME**

10. On 26 July 2021, the Offeror requested that the directors of the Company put forward a proposal to the holders of the Scheme Shares regarding the proposed privatisation of the Company by way of the Scheme under Section 86 of the Companies Act.
11. The object of the Scheme is for the Offeror and the Offeror Concert Parties to hold (in aggregate) the entire issued share capital of the Company (among which the Rollover Shareholder will hold approximately 19.60% of the issued share capital of the Company) upon the completion of the Scheme and for the listing of the Shares to be withdrawn from the Hong Kong Stock Exchange.
12. This is intended to be achieved by:
  - (a) the Company reducing its share capital by the cancellation and extinguishment of all of its issued Shares other than those issued Shares registered in the name of the Offeror and the Offeror Concert Parties (including, for the avoidance of doubt, the Rollover Shareholder) (the "**Scheme Shares**");
  - (b) the Company, forthwith upon the said share capital reduction taking effect, increasing its share capital to its former amount by the issue of the same number of new Shares to the Offeror as the number of Scheme Shares cancelled and extinguished;
  - (c) the Company applying the credit arising in its books of account as a result of the share capital reduction in paying up in full at par the Shares newly issued to the Offeror;
  - (d) in consideration for the cancellation and extinguishment of the Scheme Shares, each holder of the Scheme Shares as at the record date for the

Scheme (a "**Scheme Shareholder**") receiving HK\$1.70 in cash per Scheme Share from the Offeror (the "**Cancellation Price**"); and

- (e) upon the Scheme being sanctioned, the listing of the Shares of the Company on the Hong Kong Stock Exchange being withdrawn.

#### **AFFECTED SHAREHOLDERS**

- 13. The Scheme affects a single class of shareholders of the Company, being the Scheme Shareholders (that is, those registered holders of the Shares of the Company other than the Shares registered in the names of the Offeror and the Offeror Concert Parties (including, for the avoidance of doubt, the Rollover Shareholder)).

#### **COURT MEETING**

- 14. In relation to the Scheme, the Company intends to make an application for certain orders, directions and/or declarations, including, amongst other things the following:
  - (a) that the relevant class of shareholders of the Company affected by the Scheme is that referred to at paragraph 13 above;
  - (b) that the Company be at liberty to convene a single meeting of the holders of the Scheme Shares appearing on the Company's register of members as at the Meeting Record Date (as defined at paragraph 14(c) below) for the purpose of allowing such holders of Scheme Shares to consider, and if they think fit, approve the Scheme with or without modification (the "**Court Meeting**");
  - (c) as to the mode of delivery of the composite scheme document (which includes, amongst other things, a detailed explanation of the proposed Scheme and the notice of the Court Meeting) together with the form of proxy in respect of the Court Meeting to, amongst others, the holders of the Scheme Shares and that a voting record date be set for the purposes of voting at the Court Meeting (the "**Meeting Record Date**");

- (d) as to the appointment of a chairperson of the Court Meeting, and for directions that the chairperson of the Court Meeting should report the results thereof to the Court; and
  - (e) as to the treatment of Scheme Shares held by custodians, clearing houses, and other nominees for the purpose of the "majority in number" calculation.
15. The resolution intended to be submitted at the Court Meeting is:

*"THAT the Scheme of Arrangement, a print of which has been submitted to this Court Meeting and, for the purpose of identification, signed by the Chairperson of this Court Meeting in its original form with such modifications, additions or conditions as may be approved or imposed by the Cayman Islands Grand Court and as may be agreed by the Company, be and is hereby approved".*

#### **CAPITAL REDUCTION**

16. Article 6 of the Company's Articles of Association adopted by way of written resolution dated 3 May 2011 provides that the Company may, by special resolution, subject to any confirmation or consent required by the Companies Act, reduce its share capital or any capital redemption reserve or other distributable reserve in any manner permitted by law, if authorised and subject to any conditions prescribed by the Companies Act.
17. The Company intends to convene an Extraordinary General Meeting ("**EGM**") to take place immediately after the meeting of the Court Meeting. The special resolution relating to the capital reduction and ordinary resolution relating to the immediate increase in share capital thereafter intended to be submitted to the EGM are as follows:

*"THAT AS A SPECIAL RESOLUTION:*

- A. *the Scheme of Arrangement dated [x] (the "**Scheme**") between the Company and the Scheme Shareholders (as defined in the Scheme of Arrangement) in*

*the form of the print thereof, which has been produced to this meeting and for the purposes of identification signed by the chairperson of this meeting, or in such other form and on such terms and conditions as may be approved or imposed by the Grand Court of the Cayman Islands be and hereby is approved;*

- B. for the purpose of giving effect to the Scheme, on the Effective Date (as defined in the Scheme of Arrangement), the issued share capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares".*

*"THAT AS AN ORDINARY RESOLUTION:*

- A. subject to and forthwith upon such reduction of capital referred to in resolution 1(B) taking effect, the share capital of the Company will be increased to its former amount by the issuance at par to New Modern Home Limited (新現代家居有限公司), credited as fully paid, of the aggregate number of Shares (as defined in the Scheme of Arrangement) as is equal to the number of Scheme Shares cancelled and extinguished;*
- B. the reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to New Modern Home Limited (新現代家居有限公司), and the directors of the Company be and are hereby authorised to allot and issue the same accordingly;*
- C. any one of the directors of the Company be and is hereby authorised to do all such acts and things considered by him / her to be necessary or desirable in connection with the implementation of the Scheme of Arrangement, including (without limitation) the giving of consent to any modification of or addition to, the Scheme of Arrangement or the reduction of capital, which the Grand Court of the Cayman Islands may see fit to impose; and*

*D. any one of the directors of the Company be and is hereby authorised to apply to The Stock Exchange of Hong Kong Limited for the withdrawal of the listing of the shares of the Company."*

18. The reduction of the Company's share capital intended to be effected by the said special resolution would neither involve the diminution of liability in respect of any unpaid share capital nor the payment to any shareholder of any paid up capital. Such a capital reduction is for a discernible purpose and its terms and effect will be properly explained to the Company's shareholders at a sufficient time prior to the EGM so as to ensure those shareholders are treated equitably.
19. The form of minute proposed to be registered with the Cayman Islands Registrar of Companies is as follows (subject to the completion of the blanks noted below):

*"The issued share capital of Nature Home Holding Company Limited was by virtue of a special resolution of the Company dated [x] 2021 (the "**Special Resolution**") and with the confirmation of an order of the Grand Court of the Cayman Islands dated [x] 2021 (the "**Order**") reduced from US\$1,377,783.99 divided into 1,377,783,990 shares of US\$0.001 each to US\$1,085,662.99 divided into 1,085,662,990 shares of US\$0.001 each. An ordinary resolution of the Company dated [x] 2021 (the "**Ordinary Resolution**") further provides that subject to and forthwith upon such reduction of capital taking effect, the issued share capital of the Company be increased to its former amount of US\$1,377,783.99 by the issue of 292,121,000 shares of US\$0.001 each. By virtue of a Scheme of Arrangement sanctioned by an order of the Grand Court of the Cayman Islands dated [x] 2021, the Order, the Special Resolution and the Ordinary Resolution, the issued share capital of the Company at the time of the registration of this minute is accordingly US\$1,377,783.99 divided into 1,377,783,990 shares of US\$0.001 each".*

**YOUR PETITIONER, THE COMPANY, THEREFORE HUMBLY PRAYS THAT:**

1. The Scheme be sanctioned by the Court so as to be binding on the Company and the holders of the Scheme Shares.

2. The reduction of the share capital of the Company proposed to be effected by the special resolution set out at paragraph 17 above be confirmed and that the form of minute set out at paragraph 19 be approved by the Court (subject to the completion of the blanks noted therein).
3. That all necessary inquiries may be made and directions may be made and given.
4. Such further or other relief be granted as the Court shall see fit.

AND your Petitioner will ever pray etc.

**DATED** the 4<sup>th</sup> day of August 2021.

*Walkers*

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**WALKERS**

Attorneys at Law for the Petitioner

**NOTE:** This petition is not intended to be served on anyone.

**ENDORSEMENT**

This Petition has been presented to the Grand Court of the Cayman Islands on the day of \_\_\_\_\_ 2021 and will be heard by the Grand Court of the Cayman Islands on the day of \_\_\_\_\_ 2021 at \_\_\_\_\_ am / pm (or as soon thereafter as the Petition can be heard).

Any correspondence or communication with the Court relating to the hearing of this Petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, Grand Cayman, KY1-1106, Telephone 345 949 4296.

This **PETITION** was presented by Walkers, Attorneys at Law, 190 Elgin Avenue, George Town, Grand Cayman KY1-9001, for the Petitioner whose address for service is care of its said Attorneys at Law.