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Narnia (Hong Kong) Group Company Limited

納尼亞(香港)集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8607)

QUARTERLY UPDATE ON STATUS OF RESUMPTION AND CONTINUED SUSPENSION OF TRADING

This announcement is made by Narnia (Hong Kong) Group Company Limited (the “**Company**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements (the “**Announcements**”) of the Company dated (i) 26 March 2024, 27 March 2024 and 1 April 2024 of the Company relating to, *inter alia*, the delay in publication of the annual results of the Company for the financial year ended 31 December 2023 (“**2023 Annual Results**”) and the establishment of an independent committee relating to the matters as referred to in the said announcements; (ii) 20 June 2024 in relation to the resumption guidance; (iii) 28 June 2024 in relation to the change of auditors of the Company. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

RESUMPTION GUIDANCE

As disclosed in the announcement of the Company dated 20 June 2024, the Company received a letter dated 18 June 2024 from the Stock Exchange setting out the following resumption guidance (the “**Resumption Guidance**”) for the resumption of trading in the Company’s shares:

- (i) conduct an appropriate independent investigation into the Matters, assess the impact on the Company’s business operation and financial position, announce the findings and take appropriate remedial actions;

- (ii) demonstrate that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group's management and/or the any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence;
- (iii) conduct an independent internal control review and demonstrate that the Company has in place adequate internal control and procedures to comply with the GEM Listing Rules;
- (iv) publish all outstanding financial results required under the GEM Listing Rules and address any audit modifications;
- (v) demonstrate the Company's compliance with GEM Listing Rule 17.26; and
- (vi) inform the market of all material information for the Company's shareholders and investors to appraise the Company's position.

As stated in the Resumption Guidance, the Company must meet all Resumption Guidance, remedy the issues causing its trading suspension and fully comply with the GEM Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume.

For this purpose, the Company has the primary responsibility to devise its action plan for resumption. Whilst the Company may seek the Stock Exchange's guidance on its resumption plan, the resumption plan is not subject to the prior approval by the Stock Exchange before implementation. The Stock Exchange also stated that it may modify or supplement the Resumption Guidance if the Company's situation changes.

Under GEM Rule 9.14(1), the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 12 months. In the case of the Company, the 12-month period expires on 1 April 2025. If the Company fails to remedy the issues causing its trading suspension, fulfil the Resumption Guidance and fully comply with the GEM Listing Rules to the Stock Exchange's satisfaction and resume trading in its shares by 1 April 2025, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing. Under GEM Rule 9.04, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

UPDATE ON RESUMPTION PROGRESS

Reference is made to the announcement of the Company dated 26 March 2024 relating to the delay in publication of 2023 Annual Results because of key unresolved audit matters regarding the Matters.

Reference is also made to the announcement of the Company dated 27 March 2024 relating to the establishment of the Independent Committee comprising all three independent non-executive Directors. The Independent Committee is tasked, *inter alia*, with (i) examining the circumstances leading to each of the Matters; and (ii) identifying any compliance issues and reporting them to the Board; and (iii) providing recommendations to the Board on how to resolve the Matters. The Independent Committee is authorised to engage external specialists to assist in the review of the Matters.

As at the date of this announcement, the Independent Committee has commissioned an independent investigation team for carrying out an investigation on the Matters and to produce an investigation report (the “**Report**”). It is expected that the Report will be available in mid July 2024, the Company will publish the findings of the investigation once the Report is available.

As disclosed in the announcement dated 28 June 2024, Moore CPA Limited (“**Moore**”) had resigned as auditors of the Company with effect from 28 June 2024 as they could not estimate the scope of additional audit work and timetable for completing the audit of the 2023 Annual Results. With a view to shorten the trading suspension period and having considered the audit timetable and audit fee, the Board has recommended Moore to resign as auditors of the Company. Crowe (HK) CPA Limited (“**Crowe**”) will be engaged as the new auditors of the Company subject to its completion of internal clearance procedures. The Audit Committee has discussed the Key Unresolved Audit Issues with Crowe prior to its proposed engagement as the new auditors. Crowe has provided inputs in relation to the audit plan of the 2023 Annual Results. The Independent Committee will provide the Report to Crowe when available to assist with their audit planning.

RESUMPTION PLAN

The Company has been in active discussion with its professional advisers in formulating a viable resumption proposal to satisfy the requirements under the Resumption Guidance and to advance the resumption progress. In particular, the Audit Committee shall discuss with Crowe on the findings of the Report and to work out an audit plan for the 2023 Annual Results. As at the date of the announcement, the Company has yet to fulfil any of the Resumption Guidance.

UPDATES ON BUSINESS OPERATION

The Company is an investment company and the Group is principally engaged in sale of fabric products and in printing and dyeing business. Since the suspension of trading in the Company’s shares from 2 April 2024 and up to the date of this announcement, the Group has continued its normal business operations and there has been no major change on the business operations of the Group.

The Company will make announcement(s) to update its shareholders and investors regarding the major development of the business operations of the Group as and when appropriate.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 09:00 a.m. on Tuesday, 2 April 2024 and will continue to be so until further notice.

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

By order of the Board
Narnia (Hong Kong) Group Company Limited
Dai Shunhua
Chairman

Zhejiang, the PRC, 9 July 2024

As at the date of this announcement, the executive Directors are Mr. Dai Shunhua, Ms. Song Xiaoying and Mr. Yeung Yiu Wah Francis, and the independent non-executive Directors are Dr. Liu Bo, Mr. Song Jun and Mr. Yu Chung Leung.

This announcement, for which the Directors of Narnia (Hong Kong) Group Company Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this notice is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Announcements” page of the Stock Exchange’s website at <http://www.hkexnews.hk> for at least 7 days from the date of its posting and on the Company’s website at <http://www.narnia.hk>.