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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)**

### **PROFIT WARNING**

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

Based on a preliminary assessment on the unaudited consolidated management accounts of the Group for the year ended 31 December 2021 (the “**Year**”), the board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Group is expected to record a net loss within the range of approximately RMB31 million to RMB34 million for the Year, as compared to the net loss of approximately RMB10 million recorded for the year ended 31 December 2020 (the “**Previous Year**”).

Based on the information currently available, the expected loss was mainly attributable to (i) a significant decrease in the overall gross profit margin of the sales and services of the Group for the Year as compared to the Previous Year; and (ii) a significant increase in the impairment losses on property, plant and equipment in the Year. The significant decrease in the overall gross profit margin of the sales and services of the Group was mainly attributable to the fact that the production facilities of the Group in Changxing needed to halt its production for a number of days in late 2021 in response to the dual control for energy policy (能耗雙控) of the local government. During such period, while the production in such production facilities was suspended, most of the fixed cost overhead, including basic salary for our employees and depreciation, continued to incur in the cost of sales. Thus, these fixed cost overhead to cost of sales ratio increased, which resulted in a decrease in gross profit margin for the Year. In addition, the average cost of the raw materials and energy increased during the Year, which led to a relatively higher cost of sales and services for the Year. Besides, due to the keen competition in the market, the Group needed to offer more competitive selling price in order to gain more sales orders.

The information contained in this announcement is only based on a preliminary assessment made by the Board on the unaudited consolidated management accounts for the Year and the information currently available. The information in this announcement has not been reviewed or audited by the auditors of the Company or reviewed by the audit committee of the Company. The Company is still in the process of finalising the results of the Year and the actual results of the Group for the Year are subject to adjustment and may differ from the information disclosed in this announcement. Shareholders and investors are advised to read carefully the annual results announcement of the Group for the Year, which is expected to be published by the Company on or around 30 March 2022 in accordance with the GEM Listing Rules.

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

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

Zhejiang, the PRC, 22 March 2022

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

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 announcement 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 Information” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) and the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its posting. This announcement will also be posted on the Company’s website at [www.narnia.hk](http://www.narnia.hk).*