

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

VOLUNTARY ANNOUNCEMENT

ENTERING INTO OF THE MEMORANDUM OF UNDERSTANDING IN RELATION TO A POTENTIAL INVESTMENT

This is a voluntary announcement made by Narnia (Hong Kong) Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) to keep shareholders of the Company (the “**Shareholders**”) and potential investors of the Company informed of the latest business plan and development of the Group.

THE MEMORANDUM OF UNDERSTANDING

The board (the “**Board**”) of directors of the Company (the “**Directors**”) announces that, Huzhou Narnia Industry Co., Ltd. (湖州納尼亞實業有限公司) (“**Huzhou Narnia**”), an indirect wholly-owned subsidiary of the Company, and Zixuan Culture Company Limited (資玄文化有限公司) (the “**Target Company**”), a newly established entity, entered into a non-legally binding memorandum of understanding (the “**MOU**”) on 9 February 2023 (after trading hours).

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Target Company and its ultimate beneficial owner(s) are independent third party(ies) (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)).

Potential Investment

Based on the terms of the MOU, the Company and Huzhou Narnia plan to initially invest not more than US\$10 million into the Target Company which is principally engaged in, among others, businesses related to general health and biological sciences (the “**Potential Investment**”).

Due Diligence and Exclusivity

After the signing of the MOU, the Company and Huzhou Narnia shall be entitled to conduct a due diligence review on the Target Company during the period from the signing date of the MOU to 8 August 2023 (or such other dates as may be agreed by the parties thereto) (the “**Exclusivity Period**”). The Target Company shall procure the relevant parties to provide assistance in this regard. The Company and Huzhou Narnia have the exclusive rights to negotiate with the Target Company over other investors in respect of the Potential Investment during the Exclusivity Period.

Formal Agreement

The Company, Huzhou Narnia and the Target Company will proceed with further negotiation for entering into a formal and binding agreement (the “**Formal Agreement**”) on or before 8 August 2023 (or such other dates as may be agreed by the parties thereto).

Non-legally Binding Effect

Save and except the clauses relating to due diligence, exclusivity, confidentiality and dispute resolution which are legally binding, all other clauses of the MOU shall create no legal and binding obligations on the parties thereto.

REASONS FOR AND BENEFITS OF THE MOU

As at the date of this announcement, the Group is principally engaged in the manufacture and sale of fabric products and the provision of printing and dyeing service.

During the year 2020, the Group leveraged its business development strategies and efficient project implementation ability. The Group was able to capitalize on the global shortage of anti-epidemic materials and successfully expanded its business scope with a newly built and commissioned melt-blown fabric production line. To further broaden the revenue stream and improve the profitability of the Group, the Directors believe that the materialisation of the Potential Investment will enable the Group to expand its business scope to general health and biological sciences.

In view of the above, the Directors consider that the Potential Investment enables the Group to increase its profitability and is in the interests of the Company and the Shareholders as a whole.

GENERAL

This announcement is made by the Company on a voluntary basis.

The Board wishes to emphasise that no formal and binding agreement in relation to the Potential Investment has been entered into as at the date of this announcement. As the terms of the Formal Agreement have yet to be determined, the Potential Investment may or may not materialise. In the event that any legally binding agreement has been entered into between the Company, Huzhou Narnia and the Target Company, the Company will make further announcement(s) when appropriate in accordance with the Listing Rules.

As the Potential Investment may or may not materialise, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the shares of the Company.

By order of the Board of
Narnia (Hong Kong) Group Company Limited
Mr. Dai Shunhua
Chairman, Chief Executive Officer and Executive Director

Zhejiang, the PRC, 9 February 2023

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 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 Stock Exchange’s website at 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.