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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)**

### **(1) CHANGE OF AUDITOR; (2) POSTPONEMENT OF THE 2024 ANNUAL GENERAL MEETING; AND (3) CONTINUED SUSPENSION OF TRADING**

This announcement is made by Narnia (Hong Kong) Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10(2) (a) 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 Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements dated 26 March 2024, 27 March 2024, 1 April 2024 and 18 June 2024 of the Company (the “**Announcements**”). Capitalised terms in this announcement unless otherwise specified, shall have the same meanings as those set out in the Announcements.

#### **RESIGNATION OF AUDITOR**

The Board announces that Moore CPA Limited (“**Moore**”) has tendered its resignation as the auditor of the Company with effect from 28 June 2024 (the “**Resignation**”). In Moore’s resignation letter dated 28 June 2024 (the “**Resignation Letter**”), Moore set out certain key unresolved audit issues (the “**Key Unresolved Audit Issues**”) that shall be brought to the attention of the shareholders of the Company (the “**Shareholders**”) and potential investors:

#### **Prepayment to Company A (the “Supplier”)**

The prepayment due from the Supplier amounted to approximately RMB31.9 million as at 31 December 2023, despite the fact that the Group had ceased procurement from the Supplier since August 2023. The management of the Group confirmed that the Group received all the prepayment of approximately RMB31.9 million from the Supplier on or before 21 March 2024 and provided the Auditor with relevant supporting bank documents demonstrating that the payments were directly paid from the Supplier.

**Disposal of entire equity interest in Changxing Binli Industrial Co., Ltd.\* (長興濱里實業有限公司) (the “Target Company”) (the “Disposal”)**

The Auditor could not verify the explanations provided by the management of the Group in relation to the non-settlement of accounts payable of approximately 26.0 million (the “Payable”) due from subsidiaries of the Company to Target Company before the Disposal in June 2023. The Auditor also questioned why the Group chose not to set off a portion of the Payable against the consideration of the Disposal, particularly considering that the purchaser of the Disposal only paid approximately 19.3 million to the Group by the end of 2023, representing approximately 51.1% of the total consideration.

**Loan of RMB10 million to the Supplier**

In December 2023, 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 the Supplier entered into a loan agreement, pursuant to which Huzhou Narnia provided an interest-bearing loan of RMB10.0 million with a maturity of 6 months (the “Loan”) to the Supplier. The management of the Group confirmed that the Group received the repayment of RMB10.0 million from the Supplier on or before 21 March 2024 and provided the Auditor with relevant supporting bank documents demonstrating that the repayment was directly paid from the Supplier.

**Bank Transfer from the Company to Spring Sea Star Investment Limited (“Spring Sea Star”)**

In December 2023, the Company made multiple transfers totalling approximately USD2.8 million (equivalent to approximately RMB20.0 million) to Spring Sea Star, which is a controlling Shareholder and is owned as to approximately 53.98% by Mr. Dai Shunhua (“Mr. Dai”) and approximately 46.02% by Ms. Song Xiaoying (“Ms. Song”). Both Mr. Dai and Ms. Song are executive Directors of the Company. The management of the Group confirmed that the Group received the repayment of approximately RMB20.0 million from Spring Sea Star on or before 21 March 2024 and provided the Auditor with relevant supporting bank documents demonstrating that the repayment was directly paid from Spring Sea Star.

Given the aforementioned Key Unresolved Audit Issues, Moore could not estimate the scope of additional audit work and timetable for completing the audit of the 2023 Annual Results. In these circumstances, 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 the auditor of the Company on 28 June 2024.

The Audit Committee has reviewed the Resignation Letter, in particular the reasons for resignation. The Audit Committee has also taken the initiative to discuss with Moore the Key Unresolved Audit Issues identified by Moore that require attention, followed up with the Company’s management on the relevant communications with Moore, and sought to find solutions towards reaching a consensus on the audit timetable. Given that Moore is not in a position to estimate a timetable for the completion of the audit of the 2023 Annual Results,

the Audit Committee considered it appropriate to change the auditor, such that the Company may proceed to engage another external auditor and move forward to complete the audit of the 2023 Annual Results as soon as practicable.

The Board and the Audit Committee confirm that, save as disclosed above, there are no other circumstances or matters in connection with the resignation of Moore that need to be brought to the attention of the Shareholders and potential investors.

In connection with the Key Unresolved Audit Issues, the Company wishes to reiterate that it is committed to the completion of the audit of the 2023 Annual Results as soon as practicable. The Company will publish further announcement to inform the Shareholders of any material development in relation to the Key Unresolved Audit Issues in accordance with the GEM Listing Rules and applicable laws as and when appropriate.

### **APPOINTMENT OF AUDITOR**

The Board further announces that, with the recommendation of the Audit Committee, the Board has resolved to appoint Crowe (HK) CPA Limited (“**Crowe**”) as the new auditor of the Company to fill the casual vacancy following the Resignation and to hold office until the conclusion of the next annual general meeting of the Company.

The Audit Committee has considered a number of factors in assessing Crowe’s eligibility and suitability to act as the auditor of the Company, including but not limited to (i) its audit fee and timetable proposal; (ii) the resources to be allocated by Crowe to complete the audit work for the 2023 Annual Results; (iii) its international presence and extensive experience in providing audit services for companies listed on the Stock Exchange; (iv) its independence from the Group; and (v) the guidelines issued by the Stock Exchange and the Accounting and Financial Reporting Council in respect of change of auditor.

Based on the above, the Audit Committee has assessed and considered that Crowe is eligible and suitable to act as the new auditor of the Company. The official appointment is now subject to the completion of Crowe’s internal clearance procedures which are now being conducted, and the Company will issue a separate announcement in relation to the appointment of Crowe upon completion of such procedures.

The Board wishes to emphasize that the operations of the Group remain normal. The Company will proactively assist the new auditor to complete the audit work for the 2023 Annual Results and will publish further announcement(s) to inform the Shareholders and potential investors of any significant developments in respect of the appointment of new auditor and the publication of the 2023 Annual Results as and when appropriate in compliance with the requirements of the GEM Listing Rules.

## **POSTPONEMENT OF THE 2024 ANNUAL GENERAL MEETING**

Due to the delay in the publication of the 2023 Annual Report, the Board wishes to inform the Shareholders and potential investors that the 2024 annual general meeting of the Company will be postponed accordingly until further notice. Further announcement(s) will be made by the Company in relation to the holding of the 2024 annual general meeting of the Company as and when appropriate.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, the trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 2 April 2024, and will remain suspended until further notice.

**Shareholders and potential investors of the Company are advised to exercise due caution when dealing in the securities of the Company. When in doubt, Shareholders and potential investors of the Company are advised to seek advice from their own professional or financial advisers.**

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

Zhejiang, the PRC, 28 June 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>.*