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La Chapelle

上海拉夏貝爾服飾股份有限公司

Shanghai La Chapelle Fashion Co., Ltd.

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 06116)

UPDATE ON THE UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the announcement of Shanghai La Chapelle Fashion Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 March 2020 in relation to the unaudited annual results of the Group for the year ended 31 December 2019.

The board of directors of the Company (the “**Board**”) considered and approved the “Resolution in relation to the Delayed Disclosure of the 2019 Audited Annual Report” at the 43rd meeting of the third session of the Board held on 20 April 2020. In view of the audit progress of Ernst & Young Hua Ming LLP, the auditor of the annual results of the Company (the “**Auditor**”), the Board resolved to delay the disclosure of the 2019 annual report of the Company until 15 May 2020 in order to ensure the accuracy and completeness of the 2019 annual report of the Company and in accordance with the principle of prudence and be responsible to the majority of investors.

I. Explanation on delay disclosure of the 2019 annual report

(1). Reasons for delay disclosure on time

The business of the Company and its subsidiaries are located in different cities across the P.R.C., affected by the novel Coronavirus (“**COVID-19**”), the resumption of work of the Company and its subsidiaries delayed to a certain extent, which caused delays to the Auditor’s auditing work, the actual execution of the auditing work were delayed from the original plan.

At the same time, the Auditor needs to obtain confirmations from the bank, major customers and suppliers of the Company to confirm the Company’s bank deposit balance and nature, loan balance and related pledges and guarantees, and balances with customers and suppliers. Since the resumption of work of some banks, customers (mainly retail stores) and suppliers was also delayed due to the impact of the COVID-19, they could not reply on time to confirm, and as a result, the Auditor could not complete the auditing and certification work on schedule.

In addition, the audit work for Naf Naf SAS, one of the key wholly-owned subsidiaries of the Company based in France, is performed by a local audit agency in France (the “**Auditing Firm**”). The Auditor of the Company has sent the audit guidelines of the Group to the Auditing Firm in advance, and clarified its schedule for delivering auditing conclusions and working papers for certain key financial statement line items. However, since the middle of February in 2020, the COVID-19 has continued to spread in France, and a series of measures such as mandatory isolation and blockade bans have also been adopted in France, financial staff of Naf Naf SAS and its auditing team have been working remotely, the progress of Naf Naf SAS’s auditing work was also affected. Management of Naf Naf SAS has difficulty in submitting a complete notes to its financial statements to the Company as planned, and the Auditing Firm also face difficulty in submitting auditing conclusions and working papers for certain key financial statement line items to the Auditor as planned. As of the date of this announcement, the Company still needs management of Naf Naf SAS to supplement some notes to its financial statements. Auditing work of Naf Naf SAS is still ongoing.

(2). Items and extent affected by the COVID-19

France’s Naf Naf SAS, as a key wholly-owned subsidiary of the Company in 2019, has a total of 586 overseas operating outlets as at 31 December, 2019, accounting for 11% of the Company’s total operating outlets at the end of 2019. Its total assets, operating income and net assets accounted for 19%, 13% and 16% of the Group’s total assets, operating income and net assets in its unaudited consolidated financial statements for the year 2019; Naf Naf SAS’s financial statements and its notes and its auditing conclusions are a key part of the auditing work of the Company for the year 2019.

As at the date of this announcement, the letter certification and auditing procedures of the Company and its domestic subsidiaries and auditing procedures of overseas subsidiaries have not been completed. Key accounting items of the financial statements involved in these procedures include monetary funds, accounts receivable, other receivables, inventory, long-term receivables, fixed assets, right-of-use assets, intangible assets, accounts payable, other payables, and lease liabilities, operating income, operating costs and related disclosures in the financial statements.

Due to the above-mentioned factors caused by the COVID-19, the Auditor has not obtained sufficient and appropriate audit evidence, could not complete the necessary auditing work as planned, and was unable to issue the 2019 annual audit report by 30 April 2020.

II. Current progress of relevant work

As at the date of this announcement, the Company’s annual report preparation and annual auditing work are as follows:

Preparation of the annual report: The content of non-financial information has been drafted and is under review and revision; the content of financial information has not been issued as with the Auditor’s relevant report, and relevant work has not yet been completed.

Annual auditing work: As at the date of this announcement, the Auditor has completed all the work in the audit risk assessment and audit planning stage and most of the audit work related to the annual report, including control testing and preliminary evaluation of important internal control processes, and the sending of all confirmations, inventory monitoring, checking accounting vouchers and original documents and other details testing and analytical review, etc. The works that have not been completed include receipt of replies in relation to certain key confirmations between the bank and the Company has not been received; review the audit conclusions of the Auditing Firm of Naf Naf SAS and the working paper of the notes to the key financial statements; review the disclosure of the updated financial statement notes prepared by the company based on the notes of the complete financial statements submitted by Naf Naf SAS; the auditing procedures at the reporting stage, etc.

III. Responsive measures and estimated disclosure time

In order to cope with the adverse impact of the COVID-19 on the auditing work, on the one hand, the Auditor actively contacted the relevant banks, major customers and suppliers to communicate the status of the letter certification, increased the urging of the letter certification, and actively followed up the progress of letter certification; the Auditor also implemented alternative measures for business areas with low response rates. On the other hand, the Company and the Auditor continued to urge the management of Naf Naf SAS and its Auditing Firm to speed up the auditing work through Internet, email, telephone, etc., and provided the Company with the necessary information for the 2019 auditing work as soon as possible. According to the audit working plan arrangement and communication with the Company's management, if there is no subsequent situation that seriously affects the progress of the auditing work and no unreasonable circumstances, the Auditor expects to issue a formal audit report on or before 15 May 2020.

According to the provisions of the "Announcement on Matters Related to Auditing and Disclosure of Current Annual Reports of Listed Companies" issued by the China Securities Regulatory Commission and "Notice on Supporting Listed Companies on the Disclosure of the 2019 Annual Report" issued by Shanghai Stock Exchange, in order to ensure the accuracy and completeness of the annual report and after careful discussion and consideration with the Auditor, the Company decided to delay the disclosure of the 2019 audited annual report of the Company until 15 May 2020 in accordance with the principle of prudence and in order to be responsible to the investors.

IV. Opinion of the Auditor

After verification by the Auditor, the content stated in this announcement are consistent with the Auditor's understanding. The Auditor issued a "Special Opinions on the Delayed Disclosure of the 2019 Audited Annual Report of Shanghai La Chapelle Fashion Co., Ltd."

V. Risk warning and other information

If the audited net profit attributable to the owners of the Company for the year 2019 of the Company is negative, the Company will have a negative audited net profit for the latest two financial years of the Company continuously. According to the requirements under the Shanghai Stock Exchange Listing Rules, if the Company has a negative audited net profit for the latest two financial years of the Company continuously, after the publication of the 2019 audited annual report issued under the Shanghai Stock Exchange Listing Rules, a “delisting risk warning” will be imposed on the A shares of the Company (the short name of A shares of the Company will be prefixed by “*ST”).

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By order of the Board
Shanghai La Chapelle Fashion Co., Ltd.
Mr. Yin Xinzai
President

Shanghai, the People’s Republic of China
20 April 2020

As at the date of this announcement, the non-executive directors of the Company are Mr. Wang Wenke, Mr. Lu Weiming and Mr. Luo Bin; the independent non-executive directors of the Company are Mr. Rui Peng, Mr. Zhang Zeping and Mr. Chan, Wing Yuen Hubert.