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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)**

**ANNOUNCEMENT IN RELATION TO FURTHER DELAY OF  
DISCLOSURE OF AUDITED ANNUAL RESULTS AND  
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019  
AND  
POSTPONEMENT OF BOARD MEETING**

Reference is made to (i) 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 and (ii) the announcement of the Company dated 20 April 2020 in relation to the delay of disclosure of the 2019 annual report of the Company until 15 May 2020 (the “**Announcements**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcements, unless otherwise specified.

The Company wishes to update the Shareholders and potential investors that the Board of the Company considered and approved the “Resolution in relation to the Further Delayed Disclosure of the 2019 Audited Annual Report” at the second meeting of the fourth session of the board of directors held on 14 May 2020. As affected by the pandemic, there has been difficulty to complete the 2019 auditing work of the Company by 15 May 2020. In order to ensure the accuracy and completeness of the 2019 annual report of the Company and hold responsible to the investors, in accordance with the principle of prudence, after communication with the Auditor, the Board decided to further delay the disclosure of the 2019 audited annual report of the Company until a date no later than 30 June 2020.

## EXPLANATION FOR THE FURTHER DELAYED DISCLOSURE

### (1) Reason for the further delayed disclosure

As disclosed in the Company's announcement dated 20 April 2020, as affected by the pulmonary pandemic caused by the novel coronavirus, the letter confirmation procedures of the Company's PRC domestic subsidiaries and the auditing work of the Company's wholly-owned subsidiary in France, Naf Naf SAS, have been affected to a certain extent. The Company delayed the disclosure of its 2019 audited annual report to 15 May 2020. As disclosed in the announcement, the audit work for Naf Naf SAS 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. Based on the work schedule confirmed by the Auditing Firm to the Auditor, the Company's communication with the management of Naf Naf SAS and the frequency and efficiency of the communication between the Auditing Firm and the Auditor, the Company and the Auditor previously expected that the audit work would be completed on 15 May 2020.

As at the date of this announcement, The Auditor has largely completed the letter confirmation and related alternative procedures for the Group and its banks, major customers and suppliers, and confirmed the relevant bank deposit balance and nature, loan balance and related mortgages and guarantees, the supplier's current balance and other relevant information.

However, as affected by the continuous spreading of the pandemic in France and the local lockdown order, the progress of the auditing work of Naf Naf SAS is still experiencing delay for the time being. Since the end of April 2020, under the sustained impact of the pandemic, and the further extension of the "stay-home order" by the French government, the progression of audit work of Naf Naf SAS and its auditing team has been restricted to a certain extent, resulting in a delay in the overall work progress. Although the Company and the Auditor have continued to urge Naf Naf SAS and its Auditing Firm to speed up the work progress by various means in relation to including telephone and email, so as to provide the Company with the information the 2019 audit work as soon as possible, as at the date of this announcement, the management of Naf Naf SAS still has not submitted the complete notes to its financial statements to the Company as planned which resulted in the inability to complete the preparation and disclosure of certain key financial statement line items of the Company's consolidated financial statements. In addition, the Auditing Firm has not submitted the working papers for certain key financial statement line items to the Auditor as planned and as a result, the Auditor is unable to complete the audit of the relevant key line items in the financial statement as planned.

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

Naf Naf SAS in France, 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 Company's total assets, operating income and net assets in its unaudited consolidated financial statements for the year of 2019, respectively. Naf Naf SAS's financial statements, the related notes and its auditing conclusions are a key part of the auditing work of the Company for the year of 2019. As at the date of this announcement, key accounting items of the Company's financial statements involved in the procedures not yet completed include accounts receivable, other receivables, prepayments, inventory, other current assets, long-term receivables, fixed assets, work-in-progress, right-of-use assets, intangible assets, long-term prepaid expenditure, deferred tax assets, goodwill, other payables, lease liabilities, deferred income tax 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 15 May 2020.

## **CURRENT PROGRESS OF RELEVANT WORK**

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

In terms of the preparation of annual report, the preliminary draft of the non-financial content has been prepared and is under review and proofreading; further progress of the work for the financial content is outstanding as the relevant reports have not been completed.

In terms of the 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, letter confirmation procedures, inventory monitoring, checking accounting vouchers and original documents and other detailed testing and analytical review. The uncompleted works primarily include review of certain key financial statement line items and working paper of the Auditing Firm of Naf Naf SAS, review of the updated financial statement notes prepared by the Company based on the notes of the complete financial statements submitted by Naf Naf SAS as well as the auditing procedures at the reporting stage.

## RESPONSIVE MEASURES AND ESTIMATED DISCLOSURE TIME

The Company and the Auditor will continue to urge the management of Naf Naf SAS and its Auditing Firm to speed up their work through various means including but not limited to Internet, email and telephone, so as to provide the Company with the necessary information in relation to the 2019 auditing work as soon as possible. Meanwhile, taking into account the changes in the pandemic and related control measures in France, the Auditor intends to arrange dedicated personnel and audit team to the visit the site of Naf Naf SAS in France in order to communicate with Naf Naf SAS, obtain information and conduct auditing work, subject to compliance with local restriction measures and to the extent as allowed by the local audit conditions. In addition, according to the “Guideline for performing audit work under the COVID-19 pandemic issued by the Chinese Institute of Certified Public Accountants” (中國註冊會計師協會關於在新冠肺炎疫情下執行審計工作的指導意見), the Company will consider the feasibility of other various alternatives. Based on the Company’s current audit working plan and subsequent measures intended to be taken, the Auditor expects to issue a formal audit report on or before 29 June 2020.

According to the relevant requirements including the “Announcement on Matters Related to Auditing and Disclosure of Current Annual Reports of Listed Companies” (《關於做好當前上市公司等年度報告審計與披露工作有關事項的公告》) issued by the China Securities Regulatory Commission, “Notice on Supporting Listed Companies on the Disclosure of the 2019 Annual Report” (《關於支持上市公司做好2019年年度報告披露工作的通知》) issued by Shanghai Stock Exchange and the “Further Guidance on the Joint Statement in relation to Results Announcements in light of the COVID-19 Pandemic” released on 16 March 2020 by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Further Guidance**”), and given the responsive measures undertaken by the Company and the Auditor, considering the progress of the outbreak of the pandemic and the relief of the lockdown order in France, 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 a date no later than 30 June 2020 in accordance with the principle of prudence and in order to be responsible to the investors.

## OPINION OF THE AUDITOR

After verification by Ernst & Young Hua Ming LLP, the Auditor of the Company for 2019, the contents stated in this announcement are consistent with the Auditor’s understanding. The Auditor issued a “Special Opinions on the Further Delayed Disclosure of the 2019 Audited Annual Report of Shanghai La Chapelle Fashion Co., Ltd.” (《關於上海拉夏貝爾服飾股份有限公司再次延期披露2019年經審計年度報告的專項意見》).

## 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”).

## **APPLICATION TO THE STOCK EXCHANGE FOR THE DELAY**

In light of the further delay, the Company will not be able to publish its annual report on or before 15 May 2020 in accordance with the Further Guidance. Application has been made to the Stock Exchange for the approval of the further delay in publication of the 2019 audited annual results and the 2019 annual report of the Company to 30 June 2020.

Further announcement(s) will be made as and when necessary if there is other material development in the audit process and the timetable of the publication of audited annual results and the annual report of the Company.

## **POSTPONEMENT OF BOARD MEETING**

Reference is made to the announcement of the Company dated 20 April 2020 in relation to a meeting of the Board to be held on 15 May 2020 for the purpose of, among other things, considering and approving the audited annual results of the Group for the year ended 31 December 2019 and its publication and considering the recommendation on payment of a final dividend, if any. In light of the aforementioned arrangement, the Board meeting will be postponed and rescheduled to 29 June 2020.

**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. Duan Xuefeng**  
*Chairman*

Shanghai, the People's Republic of China  
14 May 2020

*As of the date of this announcement, the executive directors of the Company are Mr. Yin Xinzai and Ms. Zhang Danling; the non-executive directors of the Company are Mr. Duan Xuefeng and Ms. Zhang Yujing; the independent non-executive directors of the Company are Mr. Xing Jiangze, Ms. Xiao Yanming and Mr. Zhu Xiaozhe.*