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# La Chapelle

## 新疆拉夏貝爾服飾股份有限公司 Xinjiang La Chapelle Fashion Co., Ltd.

*(formerly known as “Shanghai La Chapelle Fashion Co., Ltd.  
(上海拉夏貝爾服飾股份有限公司)”*

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

**(Stock code: 06116)**

### **ANNOUNCEMENT IN RELATION TO THE SUPPLEMENTAL CORRECTION OF FINANCIAL FIGURES IN THE FINANCIAL REPORTS FOR THE THREE MONTHS ENDED 31 MARCH 2020, THE SIX MONTHS ENDED 30 JUNE 2020 AND THE NINE MONTHS ENDED 30 SEPTEMBER 2020**

This announcement is made by Xinjiang La Chapelle Fashion Co., Ltd. (the “**Company**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

#### **I. NATURE OF AND REASONS FOR THE SUPPLEMENTAL CORRECTION OF ACCOUNTING ERRORS IN PREVIOUS FINANCIAL REPORTS**

In May 2019, the Company pledged 100% of its equity interest in a former wholly-owned subsidiary LaCha Fashion I Limited (“**LaCha Fashion I**”), 100% of its equity interest in LaCha Apparel II Sàrl (“**LaCha Apparel II**”), and 100% of its equity interest in Naf Naf SAS to HTI Advisory Company Limited for a loan of EUR37.4 million to fund the consideration for acquiring 60% equity interest in Naf Naf SAS. The Company and some of its subsidiaries accepted joint and several liability for the loan in the form of a guarantee.

Subsequently, due to the Company’s liquidity difficulties and the deterioration of Naf Naf SAS’s operating conditions, the Company failed to repay the loan on time. On 25 February 2020, HTI Advisory Company Limited took over LaCha Fashion I, and filed a claim against the Company and some of its subsidiaries in May 2020, praying for an order that they be jointly and severally liable for the loan under the guarantee. Since the Company was of the view there was insufficient evidence to show that it had lost control over LaCha Fashion I on 25 February 2020, the Company did not exclude LaCha Fashion I and its subsidiaries from its consolidated financial statements since 25 February 2020. Rather, the Company excluded Naf Naf SAS from its consolidated financial statements only since 15 May 2020 (French time), the date on which Naf Naf SAS entered into judicial liquidation.

According to the opinion of Da Hua Certified Public Accountants (Special General Partnership), the Company's auditor for the year ended 31 December 2020, since 25 February 2020, i.e. the date on which HIT Advisory Company Limited took over LaCha Fashion I, the Company has been unable to exert any control or influence over LaCha Fashion I, and therefore losing actual control over LaCha Fashion I, LaCha Apparel II, and Naf Naf SAS. As a result of the adjustments made to the consolidated financial statements for the year ended 31 December 2020 by Da Hua Certified Public Accountants (Special General Partnership), it is necessary to supplement and correct the financial figures previously disclosed in the unaudited consolidated financial statements of the Company for the three months ended 31 March 2020, the six months ended 30 June 2020 and the nine months ended 30 September 2020.

On 20 April 2021, the Company considered and approved the “resolution on supplementing and correcting the financial reports for the first quarter, first six months, and third quarter of the year ended 31 December 2020” (《關於補充更正2020年第一季度報告、2020年半年度報告及2020年第三季度報告的議案》) at the eighteenth meeting of the fourth session of the board of directors. Accordingly, corresponding corrections have been made to the unaudited consolidated financial statements of the Company for the three months ended 31 March 2020, the six months ended 30 June 2020 and the nine months ended 30 September 2020.

## II. PARTICULARS OF THE SUPPLEMENTAL CORRECTION OF ACCOUNTING ERRORS

### (1) Impact on the consolidated financial statements of the Company for the three months ended 31 March 2020

#### (a) Balance Sheet

Items affected	As at 31 March 2020		
	Original amount in the statement (RMB'000)	Amount in the statement after adjustment (RMB'000)	Difference (RMB'000)
<b>Current assets</b>			
Cash at bank and on hand	250,901	193,092	-57,809
Accounts Receivable	424,968	343,094	-81,874
Advance to suppliers	147,524	129,736	-17,788
Other receivables	212,708	151,188	-61,520
Inventories	1,414,931	1,137,892	-277,039
Non-current assets due within one year	25,588	25,587	-1
Other current assets	70,397	23,928	-46,469
<b>Total current assets</b>	<b>2,547,017</b>	<b>2,004,517</b>	<b>-542,500</b>

Items affected	As at 31 March 2020		
	Original amount in the statement (RMB'000)	Amount in the statement after adjustment (RMB'000)	Difference (RMB'000)
<b>Non-current assets</b>			
Long-term receivables	189,258	127,020	-62,238
Long-term equity investments	206,139	188,798	-17,341
Other equity instruments investment	11,646	11,646	–
Other non-current financial assets	93,200	97,777	4,577
Fixed asset	1,662,065	1,650,927	-11,138
Construction in progress	212,538	142,047	-70,491
Right-of-use assets	1,404,154	624,899	-779,255
Intangible assets	185,287	185,287	–
Goodwill	78,231	78,231	–
Long-term prepaid expenses	201,963	201,963	–
Deferred tax assets	427,993	413,727	-14,266
Other non-current assets	14,614	14,614	–
<b>Total non-current assets</b>	<b>4,687,088</b>	<b>3,736,936</b>	<b>-950,152</b>
<b>TOTAL ASSETS</b>	<b>7,234,105</b>	<b>5,741,453</b>	<b>-1,492,652</b>
<b>Current liabilities</b>			
Short-term borrowings	1,497,675	1,155,318	-342,357
Notes payable	126,518	126,518	–
Accounts payable	1,557,531	1,252,259	-305,272
Advance from customers	944	944	–
Contract liabilities	33,823	21,667	-12,156
Employee benefits payable	177,373	94,669	-82,704
Taxes payable	156,575	72,866	-83,709
Other payables	892,103	737,685	-154,418
Include: interest payable	23,522	10,425	-13,097
Non-current liabilities due within one year	110,014	677,121	567,107
<b>Total current liabilities</b>	<b>4,552,556</b>	<b>4,139,047</b>	<b>-413,509</b>
<b>Non-current liabilities</b>			
Long-term borrowings	299,098	–	-299,098
Lease liabilities	1,484,850	480,886	-1,003,964
Accrued liabilities	27,345	314,916	287,571
Deferred tax liabilities	42,957	7,175	-35,782
Other non-current liabilities	21,971	20,562	-1,409
<b>Total non-current liabilities</b>	<b>1,876,221</b>	<b>823,539</b>	<b>-1,052,682</b>
<b>Total liabilities</b>	<b>6,428,777</b>	<b>4,962,586</b>	<b>-1,466,191</b>

Items affected	As at 31 March 2020		
	Original amount in the statement (RMB'000)	Amount in the statement after adjustment (RMB'000)	Difference (RMB'000)
<b>Equity</b>			
Share capital	547,672	547,672	–
Capital surplus	1,911,603	1,911,344	-259
Less: treasury share	20,010	20,010	–
Other comprehensive income	-50,007	-31,961	18,046
Surplus reserve	246,885	246,788	-97
Undistributed profits	-1,710,551	-1,837,849	-127,298
<b>Total equity attributable to</b>			
<b>Shareholders of the Company</b>	925,592	815,984	-109,608
<b>Minority interests</b>	-120,264	-37,117	83,147
<b>Total equity</b>	805,328	778,867	-26,461
<b>TOTAL LIABILITIES AND EQUITY</b>	7,234,105	5,741,453	-1,492,652

**(b) Income Statements**

<b>Items affected</b>	<b>For the three months ended 31 March 2020</b>		
	<b>Original amount in the statement (RMB'000)</b>	<b>Amount in the statement after adjustment (RMB'000)</b>	<b>Difference (RMB'000)</b>
<b>Revenue</b>	1,001,846	957,800	-44,046
Less: Cost of sales	-511,734	-487,700	24,034
Taxes and surcharges	-6,376	-5,985	391
Selling and distribution expenses	-657,606	-597,000	60,606
General and administrative expenses	-190,534	-172,914	17,620
Financial expenses	-66,987	-55,673	11,314
Add: Other income	4,757	4,822	65
Investment income	299	-48,961	-49,260
Loss on fair value changes	–	–	–
Credit impairment losses	-814	-88,891	-88,077
Asset impairment losses	-2,702	-17,323	-14,621
Gains on disposals of assets	-6,832	6,033	12,865
<b>Operating profit</b>	-436,683	-505,792	-69,109
Add: Non-operating income	31	30	-1
Less: Non-operating expenses	-593	-592	1
<b>Profit before tax</b>	-437,245	-506,354	-69,109
Less: Income tax expenses	89,067	77,583	-11,484
<b>Net profit</b>	-348,178	-428,771	-80,593
Net profit from continuing operations	-348,178	-373,919	-25,741
Net profit from discontinued operations	–	-54,852	-54,852
Attributable to shareholders of the Company	-342,164	-423,146	-80,982
Attributable to minority interests	-6,014	-5,625	389
<b>Other comprehensive income/after tax</b>	-10,048	7,998	18,046
Attributable to shareholders of the Company/after tax	-10,048	7,998	18,046
Other comprehensive losses that cannot be reclassified into profit and loss	–	26,088	26,088
Changes in fair value of other equity instrument investments	–	26,088	26,088
Other comprehensive income reclassified to profit or loss	-10,048	-18,090	-8,042
Translation differences on translation of foreign currency financial statements	-10,048	-18,090	-8,042

**For the three months ended 31 March 2020**

<b>Items affected</b>	<b>Original amount in the statement (RMB'000)</b>	<b>Amount in the statement after adjustment (RMB'000)</b>	<b>Difference (RMB'000)</b>
<b>Total comprehensive income</b>	-358,226	-420,773	-62,547
Attributable to shareholders of the Company	-352,212	-415,148	-62,936
Attributable to minority interests	-6,014	-5,625	389
Basic losses per share (RMB)	-0.63	-0.77	-0.14
Diluted losses per share (RMB)	-0.63	-0.77	-0.14

(c) *Cash Flow Statements*

Items affected	For the three months ended 31 March 2020		
	Original amount in the statement (RMB'000)	Amount in the statement after adjustment (RMB'000)	Difference (RMB'000)
<b>1. Cash flows from operating activities</b>			
Cash received from sales of products or rendering of services	720,226	689,779	-30,447
Cash received relating to other operating activities	178,512	103,464	-75,048
<b>Sub-total of cash inflows</b>	898,738	793,243	-105,495
Cash paid for goods and services	-305,800	-278,511	27,289
Cash paid to and on behalf of employees	-227,825	-227,825	–
Payments of taxes and surcharges	-28,106	-27,715	391
Cash paid relating to other operating activities	-391,421	-239,176	152,245
<b>Sub-total of cash outflows</b>	-953,152	-773,227	179,925
<b>Net cash flows from/(used in) operating activities</b>	-54,414	20,016	74,430
<b>2. Cash flows used in investing activities</b>			
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	119	119	–
Net cash received from disposal of subsidiaries and other business units	–	5,000	5,000
Cash received relating to other investing activities	–	22,675	22,675
<b>Sub-total of cash inflows</b>	119	27,794	27,675
Cash paid to acquire fixed assets, intangible assets and other long-term assets	-93,876	-81,137	12,739
Cash paid for investments	–	–	–
Net cash paid to acquire a subsidiary and other business units	–	-8,449	-8,449
Cash paid relating to other investing activities	-500	-7,199	-6,699
<b>Sub-total of cash outflows</b>	-94,376	-96,785	-2,409
<b>Net cash flows used in investing activities</b>	-94,257	-68,991	25,266

Items affected	For the three months ended 31 March 2020		
	Original amount in the statement (RMB'000)	Amount in the statement after adjustment (RMB'000)	Difference (RMB'000)
<b>3. Cash flows from financing activities</b>			
Cash received from borrowings	112,990	112,990	–
<b>Sub-total of cash inflows</b>	112,990	112,990	–
Cash repayments of borrowings	-58,371	-37,457	20,914
Cash payments for distribution of dividends, profits or interest expenses	-11,422	-11,422	–
Cash payments relating to other financing activities	-1,000	-113,231	-112,231
<b>Sub-total of cash outflows</b>	-70,793	-162,110	-91,317
<b>Net cash flows (used)/from financing activities</b>	42,197	-49,120	-91,317
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	-309	–	309
<b>5. Net decrease in cash and cash equivalents</b>	-106,783	-98,095	8,688
Add: Cash and cash equivalents at beginning of the period	357,684	175,549	-182,135
<b>6. Cash and cash equivalents at end of the period</b>	250,901	77,454	-173,447

(2) Impact on the consolidated financial statements of the Company for the six months ended 30 June 2020

(a) Balance Sheet

Items affected	As at 30 June 2020		
	Original amount in the statement (RMB'000)	Amount in the statement after adjustment (RMB'000)	Difference (RMB'000)
<b>Current assets</b>			
Cash at bank and on hand	236,914	233,229	-3,685
Accounts Receivable	236,625	236,625	–
Advance to suppliers	63,861	63,861	–
Other receivables	130,680	130,793	113
Inventories	813,920	813,920	–
Non-current assets due within one year	26,286	26,287	1
Other current assets	16,679	16,677	-2
<b>Total current assets</b>	<b>1,524,965</b>	<b>1,521,392</b>	<b>-3,573</b>
<b>Non-current assets</b>	–	–	
Long-term receivables	92,280	92,280	–
Long-term equity investments	187,751	187,751	–
Other equity instruments investment	11,646	11,646	–
Other non-current financial assets	93,733	93,733	–
Fixed asset	1,619,656	1,619,656	–
Construction in progress	142,195	142,195	–
Right-of-use assets	451,858	451,858	–
Intangible assets	174,353	174,353	–
Goodwill	78,231	78,231	–
Long-term prepaid expenses	182,908	182,907	-1
Deferred tax assets	517,742	512,316	-5,426
Other non-current assets	14,613	14,614	1
<b>Total non-current assets</b>	<b>3,566,966</b>	<b>3,561,540</b>	<b>-5,426</b>
<b>TOTAL ASSETS</b>	<b>5,091,931</b>	<b>5,082,932</b>	<b>-8,999</b>

Items affected	As at 30 June 2020		
	Original amount in the statement (RMB'000)	Amount in the statement after adjustment (RMB'000)	Difference (RMB'000)
<b>Current liabilities</b>	–	–	–
Short-term borrowings	1,478,451	1,180,400	-298,051
Notes payable	10,177	10,177	–
Accounts payable	1,253,020	1,250,649	-2,371
Advance from customers	745	745	–
Contract liabilities	5,655	5,655	–
Employee benefits payable	112,161	112,162	1
Taxes payable	59,809	55,548	-4,261
Other payables	725,078	707,547	-17,531
Include: interest payable	39,904	19,352	-20,552
Non-current liabilities due within one year	562,390	562,388	-2
<b>Total current liabilities</b>	<b>4,207,486</b>	<b>3,885,271</b>	<b>-322,215</b>
<b>Non-current liabilities</b>	–	–	–
Lease liabilities	384,865	384,865	–
Accrued liabilities	197	320,470	320,273
Deferred tax liabilities	1,915	1,915	–
Other non-current liabilities	16,886	16,887	1
<b>Total non-current liabilities</b>	<b>403,863</b>	<b>724,137</b>	<b>320,274</b>
<b>Total liabilities</b>	<b>4,611,349</b>	<b>4,609,408</b>	<b>-1,941</b>
<b>Equity</b>	–	–	–
Share capital	547,672	547,672	–
Capital surplus	1,910,804	1,910,804	–
Less: treasury share	20,010	20,010	–
Other comprehensive income	-36,075	-31,961	4,114
Surplus reserve	246,788	246,788	–
Undistributed profits	-2,122,319	-2,133,491	-11,172
<b>Total equity attributable to Shareholders of the Company</b>	<b>526,860</b>	<b>519,802</b>	<b>-7,058</b>
<b>Minority interests</b>	<b>-46,278</b>	<b>-46,278</b>	<b>–</b>
<b>Total equity</b>	<b>480,582</b>	<b>473,524</b>	<b>-7,058</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>5,091,931</b>	<b>5,082,932</b>	<b>-8,999</b>

**(b) Income Statements**

<b>Items affected</b>	<b>For the six months ended 30 June 2020</b>		
	<b>Original amount in the statement (RMB'000)</b>	<b>Amount in the statement after adjustment (RMB'000)</b>	<b>Difference (RMB'000)</b>
<b>Revenue</b>	1,434,574	1,362,227	-72,347
Less: Cost of sales	-742,236	-706,104	36,132
Taxes and surcharges	-16,980	-15,691	1,289
Selling and distribution expenses	-1,066,957	-1,026,322	40,635
General and administrative expenses	-179,286	-148,541	30,745
Financial expenses	-109,320	-91,129	18,191
Add: Other income	9,789	7,398	-2,391
Investment income	315,790	-13,704	-329,494
Loss on fair value changes	-4,044	-4,044	–
Credit impairment losses	-359,834	-97,421	262,413
Asset impairment losses	-173,561	-173,561	–
Gains on disposals of assets	814	10,672	9,858
<b>Operating profit</b>	-891,251	-896,220	-4,969
Add: Non-operating income	1,179	1,179	–
Less: Non-operating expenses	-8,030	-5,783	2,247
<b>Profit before tax</b>	-898,102	-900,824	-2,722
Less: Income tax expenses	182,583	177,157	-5,426
<b>Net profit</b>	-715,519	-723,667	-8,148
Net profit from continuing operations	-611,277	-668,815	-57,538
Net profit from discontinued operations	-104,242	-54,852	49,390
Attributable to shareholders of the Company	-707,616	-718,788	-11,172
Attributable to minority interests	-7,903	-4,879	3,024
<b>Other comprehensive income/after tax</b>	3,883	7,998	4,115
Attributable to shareholders of the Company/after tax	3,883	7,998	4,115
Other comprehensive losses that cannot be reclassified into profit and loss	-514	26,088	26,602
Changes in fair value of other equity instrument investments	-514	26,088	26,602
Other comprehensive income reclassified to profit or loss	4,397	-18,090	-22,487
Translation differences on translation of foreign currency financial statements	4,397	-18,090	-22,487

<b>Items affected</b>	<b>For the six months ended 30 June 2020</b>		
	<b>Original amount in the statement</b> <i>(RMB'000)</i>	<b>Amount in the statement after adjustment</b> <i>(RMB'000)</i>	<b>Difference</b> <i>(RMB'000)</i>
<b>Total comprehensive income</b>	-711,636	-715,669	-4,033
Attributable to shareholders of the Company	-703,733	-710,790	-7,057
Attributable to minority interests	-7,903	-4,879	3,024
Basic losses per share <i>(RMB)</i>	-1.30	-1.31	-0.01
Diluted losses per share <i>(RMB)</i>	-1.30	-1.31	-0.01

(c) *Cash Flow Statements*

Items affected	For the six months ended 30 June 2020		
	Original amount in the statement (RMB'000)	Amount in the statement after adjustment (RMB'000)	Difference (RMB'000)
<b>1. Cash flows from operating activities</b>	–	–	–
Cash received from sales of products or rendering of services	1,590,521	1,518,174	-72,347
Cash received relating to other operating activities	56,987	56,987	–
<b>Sub-total of cash inflows</b>	1,647,508	1,575,161	-72,347
Cash paid for goods and services	-892,302	-856,170	36,132
Cash paid to and on behalf of employees	-331,540	-331,540	–
Payments of taxes and surcharges	-85,037	-83,747	1,290
Cash paid relating to other operating activities	-152,352	-122,623	29,729
<b>Sub-total of cash outflows</b>	-1,461,231	-1,394,080	67,151
<b>Net cash flows from/(used in) operating activities</b>	186,277	181,081	-5,196
<b>2. Cash flows used in investing activities</b>	–	–	–
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	567	567	–
Net cash received from disposal of subsidiaries and other business units	–	3,120	3,120
Cash received relating to other investing activities	–	–	–
<b>Sub-total of cash inflows</b>	567	3,687	3,120
Cash paid to acquire fixed assets, intangible assets and other long-term assets	-63,682	-63,682	–
Cash paid for investments	–	–	–
Net cash paid to acquire a subsidiary and other business units	–	-8,449	-8,449
Cash paid relating to other investing activities	-48,320	-13,875	34,445
<b>Sub-total of cash outflows</b>	-112,002	-86,006	25,996
<b>Net cash flows used in investing activities</b>	-111,435	-82,319	29,116

Items affected	For the six months ended 30 June 2020		
	Original amount in the statement (RMB'000)	Amount in the statement after adjustment (RMB'000)	Difference (RMB'000)
<b>3. Cash flows from financing activities</b>	–	–	–
Cash received from borrowings	270,000	270,000	–
Sub-total of cash inflows	270,000	270,000	–
Cash repayments of borrowings	-233,864	-233,864	–
Cash payments for distribution of dividends, profits or interest expenses	-55,805	-55,805	–
Cash payments relating to other financing activities	-192,269	-192,269	–
<b>Sub-total of cash outflows</b>	<b>-481,938</b>	<b>-481,938</b>	<b>–</b>
<b>Net cash flows (used)/from financing activities</b>	<b>-211,938</b>	<b>-211,938</b>	<b>–</b>
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	9,650	-283	-9,933
<b>5. Net decrease in cash and cash equivalents</b>	<b>-127,446</b>	<b>-113,459</b>	<b>13,987</b>
Add:Cash and cash equivalents at beginning of the period	175,549	175,549	–
<b>6. Cash and cash equivalents at end of the period</b>	<b>48,103</b>	<b>62,090</b>	<b>13,987</b>

**(3) Impact on the consolidated financial statements of the Company for the nine months ended 30 September 2020**

**(a) Balance Sheet**

Items affected	As at 30 September 2020		
	Original amount in the statement (RMB'000)	Amount in the statement after adjustment (RMB'000)	Difference (RMB'000)
<b>Current assets</b>			
Cash at bank and on hand	256,026	252,355	-3,671
Accounts Receivable	281,721	281,721	–
Advance to suppliers	76,668	76,668	–
Other receivables	125,967	126,112	145
Inventories	721,167	721,167	–
Non-current assets due within one year	26,286	26,287	1
Other current assets	14,844	14,844	–
<b>Total current assets</b>	<b>1,502,679</b>	<b>1,499,154</b>	<b>-3,525</b>
<b>Non-current assets</b>	–	–	
Long-term receivables	92,280	92,280	–
Long-term equity investments	187,159	187,159	–
Other equity instruments investment	11,646	11,646	–
Other non-current financial assets	93,733	93,733	–
Fixed asset	1,590,276	1,590,276	–
Construction in progress	142,534	142,534	–
Right-of-use assets	263,353	263,353	–
Intangible assets	170,017	170,017	–
Goodwill	78,231	78,231	–
Long-term prepaid expenses	127,950	127,950	–
Deferred tax assets	543,544	534,707	-8,837
Other non-current assets	14,614	14,614	–
<b>Total non-current assets</b>	<b>3,315,337</b>	<b>3,306,500</b>	<b>-8,837</b>
<b>TOTAL ASSETS</b>	<b>4,818,016</b>	<b>4,805,654</b>	<b>-12,362</b>

Items affected	As at 30 September 2020		
	Original amount in the statement (RMB'000)	Amount in the statement after adjustment (RMB'000)	Difference (RMB'000)
<b>Current liabilities</b>	–	–	–
Short-term borrowings	1,457,122	1,170,400	-286,722
Notes payable	–	–	–
Accounts payable	1,281,330	1,279,049	-2,281
Advance from customers	–	–	–
Contract liabilities	3,352	3,352	–
Employee benefits payable	105,769	105,769	–
Taxes payable	78,991	74,730	-4,261
Other payables	753,812	722,327	-31,485
Include: interest payable	72,626	38,110	-34,516
Non-current liabilities due within one year	466,900	466,900	–
<b>Total current liabilities</b>	<b>4,147,276</b>	<b>3,822,527</b>	<b>-324,749</b>
<b>Non-current liabilities</b>	–	–	–
Lease liabilities	245,616	245,616	–
Accrued liabilities	197	333,136	332,939
Deferred tax liabilities	1,915	1,915	–
Other non-current liabilities	13,249	13,249	–
<b>Total non-current liabilities</b>	<b>260,977</b>	<b>593,916</b>	<b>332,939</b>
<b>Total liabilities</b>	<b>4,408,253</b>	<b>4,416,443</b>	<b>8,190</b>
<b>Equity</b>	–	–	–
Share capital	547,672	547,672	–
Capital surplus	1,910,806	1,910,806	–
Less: treasury share	20,010	20,010	–
Other comprehensive income	-27,952	-31,961	-4,009
Surplus reserve	246,788	246,788	–
Undistributed profits	-2,198,034	-2,214,577	-16,543
<b>Total equity attributable to Shareholders of the Company</b>	<b>459,270</b>	<b>438,718</b>	<b>-20,552</b>
<b>Minority interests</b>	<b>-49,507</b>	<b>-49,507</b>	<b>–</b>
<b>Total equity</b>	<b>409,763</b>	<b>389,211</b>	<b>-20,552</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4,818,016</b>	<b>4,805,654</b>	<b>-12,362</b>

(b) *Income Statements*

Items affected	For the nine months ended 30 September 2020		
	Original amount in the statement (RMB'000)	Amount in the statement after adjustment (RMB'000)	Difference (RMB'000)
<b>Revenue</b>	1,741,402	1,669,055	-72,347
Less: Cost of sales	-875,560	-839,426	36,134
Taxes and surcharges	-20,484	-19,194	1,290
Selling and distribution expenses	-1,279,136	-1,238,501	40,635
General and administrative expenses	-238,898	-208,157	30,741
Financial expenses	-155,814	-123,848	31,966
Add: Other income	10,418	8,028	-2,390
Investment income	311,421	-18,073	-329,494
Loss on fair value changes	-4,044	-4,044	–
Credit impairment losses	–	–	–
Asset impairment losses	–	–	–
Gains on disposals of assets	15,649	25,507	9,858
<b>Operating profit</b>	-993,108	-1,000,038	-6,930
Add: Non-operating income	1,462	1,462	–
Less: Non-operating expenses	-10,734	-8,487	2,247
<b>Profit before tax</b>	-1,002,380	-1,007,063	-4,683
Less: Income tax expenses	207,918	199,081	-8,837
<b>Net profit</b>	-794,462	-807,982	-13,520
Net profit from continuing operations	-690,220	-753,130	-62,910
Net profit from discontinued operations	-104,242	-54,852	49,390
Attributable to shareholders of the Company	-783,331	-799,874	-16,543
Attributable to minority interests	-11,131	-8,108	3,023
Other comprehensive income/after tax	12,006	7,998	-4,008
Attributable to shareholders of the Company/after tax	12,006	7,998	-4,008
<b>Other comprehensive losses that cannot be reclassified into profit and loss</b>	–	–	–
Changes in fair value of other equity instrument investments	497	26,088	25,591
Other comprehensive income reclassified to profit or loss	–	–	–
Translation differences on translation of foreign currency financial statements	11,509	-18,090	-29,599

	<b>For the nine months ended 30 September 2020</b>		
	<b>Amount in</b>		
<b>Items affected</b>	<b>Original amount in the statement (RMB'000)</b>	<b>the statement after adjustment (RMB'000)</b>	<b>Difference (RMB'000)</b>
<b>Total comprehensive income</b>	-782,456	-799,984	-17,528
Attributable to shareholders of the Company	-771,325	-791,876	-20,551
Attributable to minority interests	-11,131	-8,108	3,023
Basic losses per share <i>(RMB)</i>	-1.44	-1.52	-0.08
Diluted losses per share <i>(RMB)</i>	-1.44	-1.52	-0.08

(c) *Cash Flow Statements*

Items affected	For the nine months ended 30 September 2020		
	Original amount in the statement (RMB'000)	Amount in the statement after adjustment (RMB'000)	Difference (RMB'000)
<b>1. Cash flows from operating activities</b>	–	–	–
Cash received from sales of products or rendering of services	1,889,548	1,817,201	-72,347
Cash received relating to other operating activities	63,223	63,223	–
<b>Sub-total of cash inflows</b>	1,952,771	1,880,424	-72,347
Cash paid for goods and services	-932,236	-896,104	36,132
Cash paid to and on behalf of employees	-418,503	-418,503	–
Payments of taxes and surcharges	-99,989	-98,699	1,290
Cash paid relating to other operating activities	-210,849	-257,728	-46,879
<b>Sub-total of cash outflows</b>	-1,661,577	-1,671,034	-9,457
Net cash flows from/(used in) operating activities	291,194	209,390	-81,804
<b>2. Cash flows used in investing activities</b>	–	–	–
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	14,835	14,835	–
Net cash received from disposal of subsidiaries and other business units	–	3,120	3,120
Cash received relating to other investing activities	–	–	–
<b>Sub-total of cash inflows</b>	14,835	17,955	3,120
Cash paid to acquire fixed assets, intangible assets and other long-term assets	-66,193	-66,193	–
Cash paid for investments	–	–	–
Net cash paid to acquire a subsidiary and other business units	–	-8,449	-8,449
Cash paid relating to other investing activities	-48,320	-34,281	14,039
<b>Sub-total of cash outflows</b>	-114,513	-108,923	5,590
<b>Net cash flows used in investing activities</b>	-99,678	-90,968	8,710

Items affected	For the nine months ended 30 September 2020		
	Original amount in the statement (RMB'000)	Amount in the statement after adjustment (RMB'000)	Difference (RMB'000)
<b>3. Cash flows from financing activities</b>	–	–	–
Cash received from borrowings	270,000	270,000	–
<b>Sub-total of cash inflows</b>	270,000	270,000	–
Cash repayments of borrowings	-250,838	-250,838	–
Cash payments for distribution of dividends, profits or interest expenses	-65,504	-65,504	–
Cash payments relating to other financing activities	-200,537	-200,537	–
<b>Sub-total of cash outflows</b>	-516,879	-516,879	–
<b>Net cash flows (used)/from financing activities</b>	-246,879	-246,879	–
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	-1,378	-283	1,095
<b>5. Net decrease in cash and cash equivalents</b>	-56,741	-128,740	-71,999
Add: Cash and cash equivalents at beginning of the period	175,549	175,549	–
<b>6. Cash and cash equivalents at end of the period</b>	118,808	46,809	-71,999

### III. OPINION OF THE INDEPENDENT DIRECTORS AND SUPERVISORY COMMITTEE

The independent directors of the Company are of the view that, the corrections made only affect the financial figures of the Company for the three months ended 31 March 2020, the six months ended 30 June 2020 and the nine months ended 30 September 2020, and do not affect the Company's annual report for the year ended 31 December 2020 or any other annual reports. Further, the corrections made do not involve retrospective adjustments to the financial figures of previous years, are in line with the Company's actual business and financial circumstances and in compliance with the relevant provisions and requirements of Accounting Standards for Business Enterprises. The corrected and supplemented financial statements can better reflect the financial position and performance of the Company in a more objective and fairer manner.

The supervisory committee of the Company is of the view that, the corrections made are in compliance with the relevant provisions and requirements of Accounting Standards for Business Enterprises and "Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 19 – Correction of Financial Information and Relevant Disclosure" (《公開發行證券的公司信息披露編報規則第19號—財務信息的更正及相關披露》) issued by the China Securities Regulatory Commission. The corrected and supplemented financial statements can better reflect the financial position and performance of the Company in a more objective and fairer manner, and will not harm the legitimate interests of the Company and the shareholders as a whole. Therefore, the supervisory committee approved the correction of accounting errors in prior periods in question.

### IV. OTHER MATTERS

The Company will further improve the skills and risk awareness of its financial personnel, strengthen effective communication between the Company's employees and external audit institutions, and manage the process of financial reporting, external provision, analysis and utilization as a whole, so as to prevent accounting errors from happening again. The Company apologizes for the inconvenience caused to investors by the corrections made to the financial reports for the three months ended 31 March 2020, the six months ended 30 June 2020 and the nine months ended 30 September 2020, and would be grateful for investors' understanding.

By Order of the Board  
**Xinjiang La Chapelle Fashion Co., Ltd.**  
**Mr. Wu Jinying**  
*Chairman*

Shanghai, the People's Republic of China  
29 April 2021

*As of the date of this announcement, the executive directors of the Company are Mr. Wu Jinying, Ms. Zhang Ying and Ms. Zhang Danling; the non-executive director of the Company is Mr. Yin Xinzai; the independent non-executive directors of the Company are Mr. Xing Jiangze, Ms. Wong Sze Wing and Mr. Zhu Xiaozhe.*