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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 CORRECTION OF ACCOUNTING ERRORS IN THE 2020 ANNUAL REPORT AND FIRST QUARTERLY REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2021

This announcement is made by Xinjiang La Chapelle Fashion Co., Ltd. (the “**Company**”) pursuant to Rules 13.09(2) and 13.10B 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).

The Company published its 2020 annual report (the “**A Share 2020 Annual Report**”) and the first quarterly report for the three months ended 31 March 2021 on the website of the Shanghai Stock Exchange (the “**SSE**”) on 30 April 2021. After subsequent review, it was found that there were filling errors and accounting errors in the A Share 2020 Annual Report, which led to disclosure errors. Since the data in the 2020 annual report needs to be corrected, the data in the first quarterly report for the three months ended 31 March 2021 shall be corrected accordingly. This announcement discloses the rectification of certain errors in the A Share 2020 Annual Report and the corresponding errors in the 2020 annual report published on the website of The Stock Exchange of Hong Kong Limited (the “**H Share 2020 Annual Report**”, together with the A Share 2020 Annual Report, the “**2020 Annual Reports**”) and the first quarterly report for the three months ended 31 March 2021 published under the requirements of the SSE. The specific details are as follows:

I. CORRECTION OF 2020 ANNUAL REPORTS

(I). Correction of filling errors

1. Correction of the relevant figures in respect of “1. Details of Changes Related to Profit and Cash Flows in (I) Analysis of Major Activities of II. Major Operating Situation during the Reporting Period” under “Section IV Discussion and Analysis of Operating Situation” of the A Share 2020 Annual Report

Before correction:

1. Details of changes related to profit and cash flows

Unit: RMB'000 Currency: RMB

Items	Current period	Previous period	Percentage change (%)
Revenue	1,819,317	7,666,229	-76.27
Cost of sales	933,721	3,242,779	-71.21
Selling and distribution expenses	1,646,262	5,174,636	-68.19
General and administrative expenses	264,580	483,183	-45.24
Research and development expenses	–	–	–
Finance expenses	152,739	241,713	-36.81
Net cash flows from operating activities	99,596	1,598,014	-93.77
Net cash flows from investing activities	-5,195	-608,577	N/A
Net cash flows from financing activities	-245,347	-1,249,632	N/A
Investment income	-39,201	60,267	-165.05
Credit impairment losses	-149,409	-151,925	-1.66
Asset impairment losses	-341,184	-778,479	-56.17
Income tax expenses	-363,933	12,727	-2,959.53

After correction (contents subject to correction are presented in bold):

1. Details of changes related to profit and cash flows

Unit: RMB'000 Currency: RMB

Items	Current period	Previous period	Percentage change (%)
Revenue	1,819,317	7,666,229	-76.27
Cost of sales	933,721	3,242,779	-71.21
Selling and distribution expenses	1,637,841	5,174,636	-68.35
General and administrative expenses	264,580	483,183	-45.24
Research and development expenses	-	-	-
Finance Expenses	152,739	241,713	-36.81
Net cash flows from operating activities	99,596	1,598,014	-93.77
Net cash flows from investing activities	-5,195	-608,577	Not Applicable
Net cash flows from financing activities	-245,347	-1,249,632	Not Applicable
Investment income (loss represented in "-" signs)	-46,201	60,267	-176.66
Credit impairment losses (loss represented in "-" signs)	-149,409	-151,925	-1.66
Asset impairment losses (loss represented in "-" signs)	-341,184	-778,479	-56.17
Income tax expenses	363,933	-12,727	-2,959.53

2. Correction of the relevant figures in respect of "(4) Majors Sales Customers and Suppliers under 2. Analysis of Income and Expenses in (I) Analysis of Revenue and Expenses of II. Major Operating Situation during the Reporting Period" under "Section IV Discussion and Analysis of Operating Situation" of the A Share 2020 Annual Report

Before correction:

(4) Major sales customers and suppliers

√ Applicable □ Not Applicable

The sales of the top five customers amounted to RMB128.13 million, representing 9.39% of the total annual sales. Among the sales of the top five customers, sales to related parties amounted to RMB0, representing 0% of the total annual sales.

The purchases from the top five suppliers amounted to RMB98.19 million, representing 82.97% of the total annual purchases. Among the purchases from the top five suppliers, purchases from related parties amounted to RMB0 million, representing 0% of the total annual purchases.

After correction (contents after correction are presented in bold):

(4) Major sales customers and suppliers

Applicable Not Applicable

The sales of the top five customers amounted to **RMB49.45** million, representing **2.39%** of the total annual sales. Among the sales of the top five customers, sales to related parties amounted to RMB 0, representing 0% of the total annual sales.

The purchases from the top five suppliers amounted to RMB98.19 million, representing 82.97% of the total annual purchases. Among the purchases from the top five suppliers, purchases from related parties amounted to RMB0 million, representing 0% of the total annual purchases.

3. Correction of the relevant figures in respect of “(2) Reconciliation between total profit and income tax expenses in 76. Income Tax Expenses of VII. Notes to the Items of the Consolidated Financial Statements” under “Section XI Financial Statements” of the A Share 2020 Annual Report

Before correction:

(2) Reconciliation between total profit and income tax expenses

Applicable Not Applicable

Items	Current period
Total profit	-1,514,424
Income tax expenses calculated at statutory/applicable tax rates	-378,606
Impact of different tax rates applicable to subsidiaries	4,662
Adjustment to impact of income tax of past periods	–
Impact of non-taxable income	1,462
Impact of non-deductible costs, expenses and losses	874
Impact of deductible loss of the deferred income tax assets unrecognized in the previous period	-1,399
Impact of deductible temporary differences or deductible loss for which deferred income tax assets are not recognized in the current period	286,588
Profit or loss attributable to joint ventures	1,774
Income tax expenses	-84,645

After correction (contents after correction are presented in bold):

(2) *Reconciliation between total profit and income tax expenses*

Applicable Not Applicable

Unit: RMB'000 Currency: RMB

Items	Current period
Total profit	-1,513,003
Income tax expenses calculated at statutory/applicable tax rates	-378,251
Impact of different tax rates applicable to subsidiaries	9,188
Adjustment to impact of income tax of past periods	–
Non-taxable income	-3,643
Impact of non-deductible costs, expenses and losses	874
Impact of deductible loss of the deferred income tax assets unrecognized in the previous period	-1,399
Impact of deductible temporary differences or deductible loss for which deferred income tax assets are not recognized in the current period	735,390
Profit or loss attributable to joint ventures	1,774
Income tax expenses	363,933

4. Correction of the relevant figures in respect of “3. Joint ventures and associates of the Group in XII. Related Parties and Related Party Transactions” under “Section XI Financial Statements” of the A Share 2020 Annual Report

Before correction:¹

Name of joint venture or associate	Relationship with the Group
Hongche Industrial* (泓澈實業)	Associate of the Group
Zhejiang Yuanrui* (浙江遠銳)	Associate of the Group
Xinjiang Hengding* (新疆恒鼎)	Associate of the Group

After correction:

Name of joint venture or associate	Relationship with the Group
Hongche Industrial* (泓澈實業)	Associate of the Group
Zhejiang Yuanrui* (浙江遠銳)	Associate of the Group

5. Correction of the relevant figures in respect of “4. Other related parties in XII. Related Parties and Related Party Transactions” under “Section XI Financial Statements” of the A Share 2020 Annual Report

Before correction:

Applicable Not Applicable

After correction:

Applicable Not Applicable

¹ Page 249 of the H Share 2020 Annual Report should be adjusted accordingly.

Name of the Related Party	Relationship between the Related Party and the Company
Xinjiang Hengding* (新疆恒鼎)	A company in which the Company had an equity interest (35% equity interest) was disposed of in February 2020; Duan Xuefeng, the former chairman of the Company, who served as the chairman/director of the Company from 8 May 2020 to 11 January 2021, concurrently served as a director of Xinjiang Hengding. Thus, Xinjiang Hengding was an associated legal person of the Company.
Shanghai Pincheng* (上海品呈)	A controlled subsidiary of the Company (holding 63.38% equity interest) was disposed of in July 2020.

(II). Correction of accounting errors

In accordance with the provisions of relevant documents including Accounting Standard for Business Enterprises No. 28 – Changes in Accounting Policies and Accounting Estimates and Corrections of Errors* (《企業會計準則第28號—會計政策、會計估計變更和差錯更正》) 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 Company hereby provides explanations for the correction of accounting errors as follows:

1. Overview of the accounting error correction

- (1). As confirmed by the Company, the amount of prepaid accounts in the 2020 consolidated financial statements previously disclosed by the Company has increased year-on-year, which does not represent the actual situation of the Company. This was mainly attributable to incomplete reclassification of prepayment accounts and failure to adjust the preliminary estimated expenses of the Company.

The Company's prepayments mainly consist of advances to suppliers (including goods procurement, services procurement and decoration of infrastructure) and prepayments to terminal malls (including rents and property fees). Advances to suppliers are made pursuant to cooperation agreements entered into between the Company and its suppliers. Upon entering into the agreements, a certain percentage of the contractual amount is paid in advance as agreed. Upon receipt of goods or rendition of services, the book value of the asset or expense is confirmed based on the actual circumstances, and a preliminary estimation of the credit amount of the payable is conducted. The account of the corresponding advances and payables to be carried forward at the time of formal settlement of the Company shall be listed on the balance sheet in accordance with the net amount of prepayments and payables of the same supplier. Prepayments to terminal malls are made pursuant to lease agreements entered into between the Company and each terminal mall. The agreements generally stipulate that the rent is prepaid for the next month or prepaid for the next quarter. The prepayments are debited in the prepaid account of the corresponding shopping mall. Each month, the Company makes preliminary estimations on the rental expenses borne by it for the current month on an accrual basis, and the rental expenses are credited into its prepaid accounts. The net value is presented in the balance sheet after setting off the two figures. The balance is included in the prepaid accounts on the debit side, and the credit side is included in other accounts payable.

Upon in-depth review by the Company and Da Hua Certified Public Accountants (Special General Partnership) ("**Da Hua**"), the Company has reclassified prepayments as at 31 December 2020, and made retrospective adjustments to the 2020 financial statements with details as follows:

- 1) Due to the failure to offset the amounts of the same supplier under the same subsidiary with the prepayments and present them in net value, the prepayments and accounts payable in the consolidated balance sheet at the end of 2020 inflated at the same time. Upon reclassification and presented in net values, the prepayment accounts of the Company's 2020 consolidated financial statements, the accounts payable, and other accounts payable require a downward adjustment of RMB81,177 thousand, RMB16,942 thousand and RMB64,235 thousand respectively.
- 2) The Company failed to make payments to suppliers on time due to its financial difficulties. As a result, some suppliers sued the Company and applied to the court for compulsory enforcement. As the actual subsidiaries subject to compulsory enforcement were different from the subsidiaries recorded on the Company's books, the Company did not consolidate the amounts enforced by the court (included in prepayments) with the accounts payable from the subsidiaries of the Company. As a result, prepayments and accounts payable in the consolidated financial statements increased factitiously at the same time. Upon reclassification and presented in net values, the prepayments and accounts payable in the consolidated financial statements were down by RMB12,627 thousand.

- 3) In 2018, the Company intended to purchase goods from its original controlled subsidiary, Jack Walk (Shanghai) Fashion Co., Ltd. (“**Jack Walk**”), and made advance payment of RMB7,000 thousand for procurement of goods. Since the court accepted an application for liquidation of Jack Walk in January 2020, it is no longer included in the Company’s consolidated financial statements. As a result, such prepayment should be recorded as an impairment loss. The adjustment supplements the provision of impairment for such prepayment by making a downward adjustment of RMB7,000 thousand and RMB7,000 thousand on prepayments and the investment income generated by Jack Walk due to its separation from the Company’s consolidated financial statements respectively.
- 4) In 2020, due to the impact of the COVID-19 pandemic and the proactive efforts made by the Company to seek rent reduction and exemption from terminal malls, terminal malls made certain compromises and granted rental concessions to the Company regarding certain rents payable according to signed contracts. However, due to the relatively long negotiation period with shopping malls, the Company still made preliminary estimations on rents and other expenses based on the original agreements even though some rental concessions were received. As a result, the Company made an excessive preliminary estimation on rents of RMB10,572 thousand for the year ended 31 December 2020. Meanwhile, due to financial difficulties of the Company, the Company had not settled with some suppliers in respect of certain procurements of services. As the Company made preliminary estimations on the relevant expenses on an accrual basis, there were differences between the budget and actual amounts. As a result, the Company recognized RMB2,151 thousand less expenses. Upon reclassification and presented in net values, selling and distribution expenses were down by RMB8,421 thousand in total, and in the meantime, the credit balance of prepayments was down by RMB13,460 thousand, and other non-current assets upon reclassification were down by RMB5,039 thousand.

(2). Adjustment to line items of financial statements:

As for consolidated balance sheet as at 31 December 2020, prepayments were adjusted downward by RMB 87,344 thousand; other non-current assets were adjusted downward by RMB8,591 thousand; accounts payable were adjusted downward by RMB29,568 thousand; other payables were adjusted downward by RMB67,788 thousand; undistributed profits were adjusted upward by RMB1,421 thousand.

As for consolidated income statement for the year ended 31 December 2020, selling and distribution expenses were adjusted downward by RMB8,421 thousand; investment income was adjusted downward by RMB7,000 thousand; net profit was adjusted upward by RMB1,421 thousand; net profit attributable to shareholders of the Company was adjusted upward by RMB1,421 thousand.

Upon the aforementioned correction of accounting errors, net profit attributable to shareholders of the Company and net profit attributable to shareholders of the Company after deduction of non-recurring gains and losses for the year ended 31 December 2020 increased by RMB1,421 thousand and RMB8,421 thousand respectively.

On 20 July 2021, the Company held the 22nd meeting of the fourth session of the board of directors and the 13th meeting of the fourth session of the board of supervisors, at which the resolution in relation to the correction of accounting errors was considered and approved. Da Hua issued a specific explanation (Da Hua He Zi No.[2021]009680* (大華核字[2021]009680號)).

2. Impact of the correction of accounting errors on the Company

In accordance with the Accounting Standards for Business Enterprises* (《企業會計準則》), the Company adopts the retrospective restatement method to deal with the above accounting errors. The affected line items and amounts are listed as follows:

(1). Consolidated financial statements for the year ended 31 December 2020

1). Impact on line items of the consolidated balance sheet²

Unit: RMB'000

Items	Amount before adjustment	Adjustment amount	Amount after adjustment
Prepayments	122,926	-87,344	35,582
Total current assets	1,279,188	-87,344	1,191,844
Other non-current assets	8,591	-8,591	-
Total non-current assets	2,302,527	-8,591	2,293,936
Total assets	3,581,715	-95,935	3,485,780
Accounts payable	1,164,154	-29,568	1,134,586
Other payables	922,343	-67,788	854,555
Total current liabilities	3,860,875	-97,356	3,763,519
Total liabilities	4,269,784	-97,356	4,172,428
Undistributed profits	-3,255,667	1,421	-3,254,246
Total equity attributable to shareholders of the Company (or interests of shareholders)	-609,277	1,421	-607,856
Total equity (or interests of shareholders)	-688,069	1,421	-686,648
Total liabilities and equity (or interests of shareholders)	3,581,715	-95,935	3,485,780

² Pages 85-87 of the H Share 2020 Annual Report should be adjusted accordingly.

2). Impact on line items of the consolidated income statement³

Unit: RMB'000

Items	Amount before adjustment	Adjustment amount	Amount after adjustment
Selling and distribution expenses	1,646,262	-8,421	1,637,841
Investment income	-39,201	-7,000	-46,201
Operating profit	-1,499,458	1,421	-1,498,037
Total profit	-1,514,424	1,421	-1,513,003
Net profit	-1,878,357	1,421	-1,876,936
Net profit from continuing operations	-1,823,505	1,421	-1,822,084
Net profit attributable to shareholders of the parent company	-1,840,964	1,421	-1,839,543
Total comprehensive income	-1,877,265	1,421	-1,875,844
Total comprehensive income attributable to shareholders of the company	-1,839,872	1,421	-1,838,451

(2). Company balance sheet for the year ended 31 December 2020

1). Impact on line items of the Company balance sheet⁴

Unit: RMB'000

Items	Amount before adjustment	Adjustment amount	Amount after adjustment
Prepayments	73,793	-49,320	24,473
Total current assets	3,681,065	-49,320	3,631,745
Total assets	4,409,012	-49,320	4,359,692
Accounts payable	1,409,346	-29,726	1,379,620
Other payables	1,376,328	-15,663	1,360,665
Total current liabilities	3,486,536	-45,389	3,441,147
Total liabilities	3,488,777	-45,389	3,443,388
Undistributed profit	-1,751,485	-3,931	-1,755,416
Total equity (or interests of shareholders)	920,235	-3,931	916,304
Total liabilities and equity (or interests of shareholders)	4,409,012	-49,320	4,359,692

³ Pages 88-89 of the H Share 2020 Annual Report should be adjusted accordingly.

⁴ Pages 94-96 of the H Share 2020 Annual Report should be adjusted accordingly.

2). Impact on line items of the Company income statement⁵

Unit: RMB'000

Items	Amount before adjustment	Amount adjustment	Amount after adjustment
Selling and distribution expenses	260,486	-3,069	257,417
Credit impairment losses	-1,849	-7,000	-8,849
Operating profit	-602,083	-3,931	-606,014
Profit before tax	-606,808	-3,931	-610,739
Net profit	-683,174	-3,931	-687,105
Net profit from continuing operations	-683,174	-3,931	-687,105
Total comprehensive income	-683,174	-3,931	-687,105

(3). Revised information and notes of the 2020 Annual Reports

Revised item	Before revision	After revision
(I) Major Accounting Figures of VII. Major Accounting Figures and Financial Indicators for the Last Three Years of Section II Corporate Information and Major Financial Indicators	Net profit attributable to shareholders of the Company amounted to RMB-1,840,964 thousand; net profit attributable to shareholders of the Company after deducting non-recurring profits and losses amounted to RMB-1,981,213 thousand; net assets attributable to shareholders of the Company amounted to RMB-609,277 thousand, representing an increase or decrease of -149.12% as compared with the end of the same period of the previous year; total assets amounted to RMB3,581,715 thousand, representing an increase or decrease of -55.29% as compared with the end of the same period of the previous year.	Net profit attributable to shareholders of the Company amounted to RMB-1,839,543 thousand; net profit attributable to shareholders of the Company after deducting non-recurring profits and losses amounted to RMB-1,972,792 thousand; net assets attributable to shareholders of the Company amounted to RMB-607,856 thousand, representing an increase or decrease of -149.00% as compared with the end of the same period of the previous year; total assets amounted to RMB3,485,780 thousand, representing an increase or decrease of -56.49% as compared with the end of the same period of the previous year.

⁵ Pages 97-98 of the H Share 2020 Annual Report should be adjusted accordingly.

Revised item	Before revision	After revision
(I) Major Financial Indicators of VII. Major Accounting Figures and Financial Indicators for the Last Three Years of Section II Corporate Information and Major Financial Indicators	Basic earnings per share net of non-recurring profit and loss (RMB per share) amounted to RMB-3.64 per share; weighted average return on net assets was -583.36%, representing a decrease of 491.55% as compared with the same period of the previous year; weighted average return on net assets after deducting non-recurring profits and losses amounted to -627.81%, which was 533.03% lower than the corresponding period of the previous year.	Basic earnings per share net of non-recurring profit and loss (RMB per share) amounted to RMB-3.63 per share; weighted average return on net assets was -581.60%, representing a decrease of 489.79% as compared with the same period of the previous year; weighted average return on net assets after deducting non-recurring profits and losses amounted to -623.73%, which was 528.95% lower than the corresponding period of the previous year.
IX. Quarterly Key Financial Figures for 2020 of Section II Corporate Information and Major Financial Indicators	4th quarter (October to December): net profit attributable to shareholders of the Company was RMB-1,041,090 thousand; net profit attributable to shareholders of the Company after deducting non-recurring profits and losses was RMB-1,180,994 thousand.	4th quarter (October to December): net profit attributable to shareholders of the Company was RMB-1,039,669 thousand; net profit attributable to shareholders of the Company after deducting non-recurring profits and losses was RMB-1,172,573 thousand.
X. Non-recurring Profit and Loss Items and Amount of Section II Corporate Information and Major Financial Indicators	Investment income from disposal of subsidiaries amounted to RMB-56,531 thousand.	Investment income from disposal of subsidiaries amounted to RMB-63,531 thousand.
1. Analysis of Changes in Relevant Line Items in the Balance Sheet and Cash Flow Statement of (I) Major Businesses Analysis of II. Major Operation During the Reporting Period of Section IV Management Discussion and Analysis	Selling and distribution expenses incurred in the period amounted to RMB1,646,262 thousand, representing a change range of -68.19%; investment income amounted to RMB-39,201 thousand, representing a change range of RMB-165.05%	Selling and distribution expenses incurred in the period amounted to RMB1,637,841 thousand, representing a change range of -68.35%; investment income amounted to RMB-46,201 thousand, representing a change range of RMB-176.66%.
3. Expenses of (I) Major Businesses Analysis of II. Major Operation During the Reporting Period of Section IV Management Discussion and Analysis	Selling and distribution expenses incurred in the period amounted to RMB1,646,262 thousand, representing a change range of -68.19%.	Selling and distribution expenses incurred in the period amounted to RMB1,637,841 thousand, representing a change range of -68.35%.

Revised item	Before revision	After revision
<p>1. Assets and Liabilities of (III) Analysis of Assets and Liabilities of Section IV Management Discussion and Analysis</p>	<p>Cash at bank and on hand accounted for 5.12% of total assets at the end of the period; accounts receivable at the end of the period accounted for 6.72% of total assets; inventories accounted for 10.89% of total assets at the end of the period; other current assets accounted for 2.21% of total assets at the end of the period; long-term receivables accounted for 0.11% of total assets at the end of the period; investment in other equity instruments at the end of the period accounted for 0.12% of the total assets; constructions in progress at the end of the current period accounted for 1.71% of the total assets; right-of-use assets accounted for 1.19% of the total assets at the end of the period; long-term deferred expenses accounted for 0.57% of total assets at the end of the period; the amount of other non-current assets at the end of the period was RMB8,591 thousand, and the amount at the end of the period accounted for 0.21% of the total assets. The amount at the end of the period was changed by -51.95% from the end of the previous period. Description: it was mainly due to the impairment of the central procurement and renovation this year; the amount of accounts payable at the end of the period was RMB1,164,154 thousand, and the amount at the end of the period accounted for 28.89% of the total assets, while the amount at the end of the period was changed by -32.36% from the end of the previous period; contract liabilities accounted for 0.18% of total assets at the end of the period; employees salaries payable accounted for 1.63% of total assets at the end of the period; non-current liabilities due within one year accounted for 9.15% of total assets at the end of the period;</p>	<p>Cash at bank and on hand accounted for 5.92% of total assets at the end of the period; accounts receivable at the end of the period accounted for 7.76% of total assets; inventories accounted for 12.59% of total assets at the end of the period; other current assets accounted for 2.55% of total assets at the end of the period; long-term receivables accounted for 0.13% of total assets at the end of the period; investment in other equity instruments at the end of the period accounted for 0.14% of the total assets; constructions in progress at the end of the current period accounted for 1.98% of the total assets; right-of-use assets accounted for 1.37% of the total assets at the end of the period; long-term deferred expenses accounted for 0.66% of total assets at the end of the period; the amount of other non-current assets at the end of the period was RMB0, and the amount at the end of the period accounted for 0% of the total assets. The amount at the end of the period was changed by 100% from the end of the previous period. Description: it was mainly due to the depreciation of central procurement and renovation this year and the closure of offline business outlets this year; the amount of accounts payable at the end of the period was RMB1,134,586 thousand, and the amount at the end of the period accounted for 32.55% of the total assets, while the amount at the end of the period was changed by -34.08% from the end of the previous period; prepayments at the end of the period amounted to RMB35,582 thousand; the amount at the end of the period accounted for 1.02% of the total assets; the amount at the end of the previous period was RMB101,679 thousand; the amount at the end of the</p>

Revised item	Before revision	After revision
	<p>lease liabilities accounted for 0.90% of total assets at the end of the period; estimated liabilities accounted for 8.70% of total assets at the end of the period; deferred income tax liabilities accounted for 0.35% of total assets at the end of the period; other non-current liabilities accounted for 0.20% of the total assets at the end of the period; the ending balance of treasury stock accounted for 0.50% of total assets at the end of the period; undistributed profits at the end of the period amounted to RMB-2,815,143 thousand, accounting for -69.85% of the total assets at the end of the period; minority shareholders' equity at the end of the period amounted to RMB-70,738 thousand, accounting for -1.76% of the total assets at the end of the period.</p>	<p>period accounted for 1.27% of the total assets, representing a change of -65.01% as compared with the corresponding period of last year. Description: it was mainly due to the decrease in the prepaid rent and bulk payment for the current period. Contract liabilities accounted for 0.21% of total assets at the end of the period; employees salaries payable accounted for 1.88% of total assets at the end of the period; non-current liabilities due within one year accounted for 10.58% of total assets at the end of the period;</p> <p>lease liabilities accounted for 1.04% of total assets at the end of the period; estimated liabilities accounted for 10.06% of total assets at the end of the period; deferred income tax liabilities accounted for 0.40% of total assets at the end of the period; other non-current liabilities accounted for 0.23% of the total assets at the end of the period; the ending balance of treasury stock accounted for 0.57% of total assets at the end of the period; undistributed profits at the end of the period amounted to RMB-3,254,246 thousand, accounting for -93.66% of the total assets at the end of the period; minority shareholders' equity at the end of the period amounted to RMB-78,792 thousand, accounting for -2.26% of the total assets at the end of the period.</p>

Revised item	Before revision	After revision
(II) The Company's Ordinary Share Dividend Distribution Plan or Proposal for the Past Three Years (Including the Reporting Period) and Capital Reserve Conversion Plan or Proposal of I. Ordinary Share Dividend Distribution or Capital Reserve Conversion Proposal of Section V. Important Matters	Net profit attributable to ordinary shareholders of the Company in the consolidated statements for the year ended 31 December 2020 was RMB-1,840,964 thousand.	Net profit attributable to ordinary shareholders of the Company in the consolidated statements for the year ended 31 December 2020 was RMB-1,839,543 thousand.
(1) Prepayments by age of 7. Prepayment of Section of VII. Notes to the Consolidated Financial Statements of Section XI. Financial Report ⁶	Balance within one year at the end of the period was RMB105,765 thousand (86%), and 1 to 2 years amounted to RMB17,161 thousand (14%). As at 31 December 2020, the Group's prepaid purchases with an age of over 1 year mainly represented purchase payments to suppliers, which were over 1 year due to the decrease in purchase volume.	Balance within one year at the end of the period was RMB34,927 thousand (98%), and RMB655 thousand for 1 to 2 years (2%).
(2). Prepayment status of the top five names according to the period-end balance of the collection of prepayment objects of 7. Prepayment of Section of VII. Notes to the Consolidated Financial Statements of Section XI. Financial Report ⁷	The ending balance of the top five prepayments was summarized, and the ending balance was RMB8,549 thousand, accounting for 7% of total prepayments.	The ending balance of the top five prepayments was summarized, and the ending balance was RMB15,398 thousand, accounting for 43% of total prepayments.
(8). Classified by nature of 8. Other Receivables of VII. Notes to the Consolidated Financial Statements of Section XI. Financial Report ⁸	The ending balance of others was RMB2,231 thousand, and the ending balance of current receivables was RMB120,279 thousand.	The ending balance of others was RMB2,195 thousand, and the ending balance of current receivables was RMB120,315 thousand.

⁶ Page 183 of the H Share 2020 Annual Report should be adjusted accordingly.

⁷ Page 183 of the H Share 2020 Annual Report should be adjusted accordingly.

⁸ Page 185 of the H Share 2020 Annual Report should be adjusted accordingly.

Revised item	Before revision	After revision
(12) Particulars of the top five of other receivables at the end of the period of 8. Other Receivables of VII. Notes to the Consolidated Financial Statements of Section XI. Financial Report ⁹	The ending balance of FASHION I related transactions was RMB120,279 thousand, and the ending balance of bad debt provision was RMB120,279 thousand.	The ending balance of FASHION I related transactions was RMB120,315 thousand, and the ending balance of bad debt provision was RMB120,315 thousand.
(5). The deductible losses of unrecognized deferred income tax assets will expire in the following financial year of 30. Deferred Income Tax Assets/Deferred Income Tax Liabilities of VII. Notes to the Consolidated Financial Statements of Section XI. Financial Report ¹⁰	The amount at the end of 2021 was RMB8,604 thousand; the amount at the end of 2022 was RMB107,516 thousand; the ending amount of 2023 was RMB143,244 thousand; the amount at the end of 2024 was RMB801,984 thousand; the amount at the end of 2025 was RMB2,093,572 thousand.	The amount at the end of 2021 was RMB29,477 thousand; the amount at the end of 2022 was RMB144,892 thousand; the ending amount of 2023 was RMB274,149 thousand; the amount at the end of 2024 was RMB1,415,368 thousand; the amount at the end of 2025 was RMB1,106,948 thousand.
31. Other non-current assets of VII. Notes to the Consolidated Financial Statements of Section XI. Financial Report ¹¹	At the end of the period, the book balance of prepayments for shop renovation was RMB8,591 thousand; the book value was RMB8,591 thousand. As at 31 December 2020, the Group's prepaid store decoration payment decreased by RMB9,288 thousand as compared with the beginning of the period, representing a decrease of 52%, which was mainly due to the large-scale store closure during the reporting period.	At the end of the period, the book balance of prepayments for shop renovation was RMB0; the book value was RMB0. As at 31 December 2020, the Group's prepaid store decoration payment decreased by RMB17,879 thousand as compared with the beginning of the period, representing a decrease of 100%, which was mainly due to the large-scale store closure during the reporting period.
(1) List of accounts payable of 36. Accounts Payable of VII. Notes to the Consolidated Financial Statements of Section XI. Financial Report ¹²	The ending balance of purchases payable was RMB1,164,154 thousand.	The ending balance of purchases payable was RMB1,134,586 thousand.

⁹ Page 187 of the H Share 2020 Annual Report should be adjusted accordingly.

¹⁰ Page 205 of the H Share 2020 Annual Report should be adjusted accordingly.

¹¹ Page 205 of the H Share 2020 Annual Report should be adjusted accordingly.

¹² Page 210 of the H Share 2020 Annual Report should be adjusted accordingly.

Revised item	Before revision	After revision
(2). Important accounts payable with an age of more than 1 year of 36. Accounts Payable of VII. Notes to the Consolidated Financial Statements of Section XI. Financial Report ¹³	As at 31 December 2020, the Group's accounts payable decreased by RMB557,051 thousand as compared with the beginning of the period, representing a decrease of 32%, which was mainly due to the significant reduction in the Group's business scale and the sharp decline in the demand for procurement.	As at 31 December 2020, the Group's accounts payable decreased by RMB586,619 thousand as compared with the beginning of the period, representing a decrease of 34%, which was mainly due to the significant reduction in the Group's business scale and the sharp decline in the demand for procurement.
41. Other Payables by Items of VII. Notes to the Consolidated Financial Statements of Section XI. Financial Report ¹⁴	The ending balance of other payables was RMB863,513 thousand.	The ending balance of other payables was RMB795,725 thousand.
(1) Other payables by nature of 41. Other Payables of VII. Notes to the Consolidated Financial Statements of Section XI. Financial Report ¹⁵	The ending balance of the project payables and store renovation payments was RMB423,665 thousand; the ending balance of lease payables was RMB200,123 thousand; the other ending balances was RMB 13,647 thousand.	The ending balance of the project payables and store renovation payments was RMB401,142 thousand; the ending balance of lease payables was RMB149,572 thousand; the other ending balances was RMB18,933 thousand.
60. Undistributed Profit of VII. Notes to the Consolidated Financial Statements of Section XI. Financial Report ¹⁶	Current period: add: net profit attributable to the owners of the Company was RMB-1,840,964 thousand; the undistributed profit at the end of the period was RMB-3,255,667 thousand.	Current period: add: net profit attributable to the owners of the Company was RMB-1,839,543 thousand; the undistributed profit at the end of the period was RMB-3,254,246 thousand.
63. Selling and distribution expenses of VII. Notes to the Consolidated Financial Statements of Section XI. Financial Report	Amount incurred in the current period: amortization of long-term deferred expenses of RMB285,898 thousand; lease expenses of RMB28,771 thousand.	Amount incurred in the current period: amortization of long-term deferred expenses of RMB288,049 thousand; lease expenses of RMB18,199 thousand.

¹³ Page 210 of the H Share 2020 Annual Report should be adjusted accordingly.

¹⁴ Page 213 of the H Share 2020 Annual Report should be adjusted accordingly.

¹⁵ Page 215 of the H Share 2020 Annual Report should be adjusted accordingly.

¹⁶ Page 223 of the H Share 2020 Annual Report should be adjusted accordingly.

Revised item	Before revision	After revision
	Description: The Group's selling and distribution expenses decreased by RMB3,528,374 thousand as compared with the previous period, representing a decrease of 68%, compared with the previous period, which was mainly due to the contraction strategy implemented by the Group, disposal of some poorly operated stores, reduction of personnel and marketing activities, and controlled costs and expenses of selling.	Description: The Group's selling and distribution expenses decreased by RMB3,536,795 thousand as compared with the previous period, representing a decrease of 68%, compared with the previous period, which was mainly due to the contraction strategy implemented by the Group, disposal of some poorly operated stores, reduction of personnel and marketing activities, and controlled costs and expenses of selling.
68. Investment income of VII. Notes to the Consolidated Financial Statements of Section XI. Financial Report ¹⁷	<p>Amount in the current period: investment income generated from the disposal of long-term equity investment was RMB-56,531 thousand.</p> <p>Description: The investment income of the Group decreased by RMB99,468 thousand, representing a decrease of 165%, which was mainly due to the loss of long-term equity investment accounted for by the equity method in the current period.</p>	<p>Amount in the current period: investment income generated from the disposal of long-term equity investment was RMB-63,531 thousand.</p> <p>Description: The investment income of the Group decreased by RMB106,468 thousand, representing a decrease of 177%, which was mainly due to the loss of long-term equity investment accounted for by the equity method in the current period.</p>
(2). Adjustment process of accounting profit and income tax expense of 76. Income Tax Expenses of VII. Notes to the Consolidated Financial Statements of Section XI. Financial Report ¹⁸	Total profit amounted to RMB-1,514,424 thousand, income tax expenses calculated according to statutory/applicable tax rate was RMB-378,606 thousand; the impact of different tax rates applied to subsidiaries was RMB4,662 thousand; the impact of non-taxable income was RMB-1,462 thousand; the impact of deductible temporary differences or deductible losses of deferred income tax assets has not been recognized in the current period, amounting to RMB735,166 thousand.	Total profit amounted to RMB-1,513,003 thousand, income tax expenses calculated according to statutory/applicable tax rate was RMB-378,251 thousand; the impact of different tax rates applied to subsidiaries was RMB9,188 thousand; the impact of non-taxable income was RMB-3,643 thousand; the impact of deductible temporary differences or deductible losses of deferred income tax assets has not been recognized in the current period, amounting to RMB735,390 thousand.

¹⁷ Page 228 of the H Share 2020 Annual Report should be adjusted accordingly.

¹⁸ Page 231 of the H Share 2020 Annual Report should be adjusted accordingly.

Revised item	Before revision	After revision
(1) Supplemental information on cash flow statement of 79. Supplemental Information on the Cash Flow Statement of VII. Notes to the Consolidated Financial Statements of Section XI. Financial Report ¹⁹	Amount in the current period: net profit of RMB-1,878,357 thousand; amortization of long-term prepaid expenses of RMB286,294 thousand; investment losses of RMB39,201 thousand; decrease in operating receivable of RMB41,712 thousand; increase in operating payables of RMB-326,877 thousand.	Amount in the current period: net profit of RMB-1,876,936 thousand; amortization of long-term prepaid expenses of RMB288,445 thousand; investment losses of RMB46,201 thousand; decrease in operating receivable of RMB52,900 thousand; increase in operating payables of RMB-432,061 thousand.
85. Other loss per share of VII. Notes to the Consolidated Financial Statements of Section XI. Financial Report ²⁰	Current net loss attributable to ordinary shareholders of the Company for the year ended 31 December 2020 amounted to RMB-1,400,440 thousand; basic loss and diluted loss amounted to RMB-2.57 per share.	Current net loss attributable to ordinary shareholders of the Company for the year ended 31 December 2020 amounted to RMB-1,839,543 thousand; basic loss and diluted loss amounted to RMB-3.38 per share.
85. Other expenses classified by nature of VII. Notes to the Consolidated Financial Statements of Section XI. Financial Report ²¹	Incurred during the current period: amortization of long-term prepaid expenses of RMB286,294 thousand; rental fees amounted to RMB37,446 thousand.	Incurred during the current period: amortization of long-term prepaid expenses of RMB288,445 thousand; rental fees amounted to RMB26,874 thousand.
(I) Credit risk of X. Risks in Relation to Financial Instruments of Section XI. Financial Report ²²	The carrying amount of prepayment was RMB125,554 thousand; the total carrying amount was RMB1,144,331 thousand.	The carrying amount of prepayment was 38,210 thousand; the total carrying amount was 1,056,987 thousand.
(II) Liquidity risk of X. Risks in Relation to Financial Instruments of Section XI. Financial Report ²³	The closing balance of accounts payable within 1 year was RMB1,164,154 thousand; the closing balance of other payables within 1 year was RMB 922,343 thousand; the total closing balance within 1 year was RMB 3,253,897 thousand.	The closing balance of accounts payable within 1 year was RMB1,134,586 thousand; the closing balance of other payables within 1 year was RMB 854,555 thousand; the total closing balance within 1 year was RMB 3,156,541 thousand.

¹⁹ Page 235 of the H Share 2020 Annual Report should be adjusted accordingly.

²⁰ Page 231 of the H Share 2020 Annual Report should be adjusted accordingly.

²¹ Page 232 of the H Share 2020 Annual Report should be adjusted accordingly.

²² Page 243 of the H Share 2020 Annual Report should be adjusted accordingly.

²³ Page 244 of the H Share 2020 Annual Report should be adjusted accordingly.

Revised item	Before revision	After revision
(2) Report on segment information of 6. Segment Information of XVI. Other Significant Matters of Section XI. Financial Report ²⁴	Other brands: operating expenses amounted to RMB2,689,910 thousand; profit before tax amounted to RMB-1,459,572 thousand; net profit amounted to RMB-1,823,505 thousand; total assets amounted to RMB3,581,715 thousand; total liabilities amounted to RMB4,269,784 thousand.	Other brands: operating expenses amounted to RMB1,747,768 thousand; profit before tax amounted to RMB-1,458,151 thousand; net profit amounted to RMB-1,822,084 thousand; total assets amounted to RMB3,485,780 thousand; total liabilities amounted to RMB4,172,428 thousand.
2. Return on net assets and earning per share of 17. Supplemental Information of Section XI. Financial Report ²⁵	Weighted average return on net assets of net profit attributable to ordinary shareholders of the Company was -583.36%; weighted average return on net assets of net profit after deducting non-recurring profit or loss attributable to ordinary shareholders of the Company was -627.81%, basic earnings per share was RMB-3.64 and diluted earnings per share was RMB-3.64.	Weighted average return on net assets of net profit attributable to ordinary shareholders of the Company was -581.6%; weighted average return on net assets of net profit after deducting non-recurring profit or loss attributable to ordinary shareholders of the Company was -623.73%, basic earnings per share was RMB-3.63 and diluted earnings per share was RMB-3.63.

²⁴ Page 263 of the H Share 2020 Annual Report should be adjusted accordingly.

²⁵ Page 274 of the H Share 2020 Annual Report should be adjusted accordingly.

II. CORRECTION OF FIRST QUARTERLY REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2021

(I). 2.1 Key financials of 2. General Information

Before correction:

Unit: RMB 000 Currency: RMB

Items	As at 31 March 2021	As at 31 December 2020	Increase/ decrease compared to end of last year (%)
Total assets	3,380,455	3,581,715	-5.62%
Equity attributable to owners of the Company	-679,438	-609,277	Not Applicable
	For the 3 months ended 31 March 2021	For the 3 months ended 31 March 2020	Increase/ decrease compared to the corresponding period of last year %
Net cash used/from operating activities	25,347	20,016	26.63%
	For the 3 months ended 31 March 2021	For the 3 months ended 31 March 2020	Increase/ decrease compared to the corresponding period of last year %
Revenue	157,775	957,800	-83.53%
Net profit attributable to equity owners of the Company	-70,161	-423,146	Not Applicable
Net profit attributable to equity owners of the Company excluding non-recurring items	-85,762	-420,185	Not Applicable
Weighted average return on net assets (%)	Not Applicable	Not Applicable	Not Applicable
Basic earnings per share (RMB)	-0.13	-0.77	Not Applicable
Diluted earnings per share (RMB)	-0.13	-0.77	Not Applicable

Note: Since the weighted average net assets in 2020 is negative, the weighted average return on net assets is not calculated.

After correction (contents after correction are presented in bold):

Unit: RMB 000 Currency: RMB

Items	As at 31 March 2021	As at 31 December 2020	Increase/ decrease compared to end of last year (%)
Total assets	3,286,615	3,485,780	-5.71%
Equity attributable to owners of the Company	-678,017	-607,856	Not Applicable
	For the 3 months ended 31 March 2021	For the 3 months ended 31 March 2020	Increase/ decrease compared to the corresponding period of last year %
Net cash used/from operating activities	25,347	20,016	26.63%
	For the 3 months ended 31 March 2021	For the 3 months ended 31 March 2020	Increase/ decrease compared to the corresponding period of last year %
Revenue	157,775	957,800	-83.53%
Net profit attributable to equity owners of the Company	-70,161	-423,146	Not Applicable
Net profit attributable to equity owners of the Company excluding non-recurring items	-85,762	-420,185	Not Applicable
Weighted average return on net assets (%)	Not Applicable	Not Applicable	Not Applicable
Basic earnings per share (RMB)	-0.13	-0.77	Not Applicable
Diluted earnings per share (RMB)	-0.13	-0.77	Not Applicable

Note: Since the weighted average net assets in 2020 is negative, the weighted average return on net assets is not calculated.

(II).Correction of consolidated financial statements of first quarterly report for the three months ended 31 march 2021

1. Items of consolidated balance sheets

Unit: RMB 000 Currency: RMB

Items	Amount before adjustment		Amount after adjustment	
	31 December 2019	31 December 2020	31 December 2019	31 December 2020
Prepayments	122,926	120,525	35,582	35,276
Total current assets	1,279,188	1,152,202	1,191,844	1,066,953
Other non-current assets	8,591	8,591	–	–
Total non-current assets	2,302,527	2,228,253	2,293,936	2,219,662
Total assets	3,581,715	3,380,455	3,485,780	3,286,615
Accounts payable	1,164,154	1,062,010	1,134,586	1,033,491
Other payables	922,343	909,212	854,555	842,470
Total current liabilities	3,860,875	3,753,219	3,763,519	3,657,958
Total liabilities	4,269,784	4,136,676	4,172,428	4,041,415
Undistributed profits	-3,255,667	-3,325,828	-3,254,246	-3,324,407
Total equity attributable to Shareholders of the Company	-609,277	-679,438	-607,856	-678,017
Total equity	-688,069	-756,221	-686,648	-754,800
Total liabilities and equity	3,581,715	3,380,455	3,485,780	3,286,615

2. Company balance sheet

Unit: RMB 000 Currency: RMB

Items	Amount before adjustment		Amount after adjustment	
	31 December 2019	31 December 2020	31 December 2019	31 December 2020
Prepayments	73,793	77,568	24,473	28,948
Total current assets	3,681,065	3,577,851	3,631,745	3,529,231
Total assets	4,409,012	4,295,348	4,359,692	4,246,728
Accounts payable	1,409,346	1,326,779	1,379,620	1,297,023
Other payables	1,376,328	1,379,460	1,360,665	1,364,526
Total current liabilities	3,486,536	3,411,638	3,441,147	3,366,948
Accrued liabilities	1	0	1	1
Total non-current liabilities	2,241	2,240	2241	2,241
Total liabilities	3,488,777	3,413,878	3,443,388	3,369,189
Undistributed profits	-1,751,485	-1,790,250	-1,755,416	-1,794,181
Total equity	920,235	881,470	916,304	877,539
Total liabilities and equity	4,409,012	4,295,348	4,359,692	4,246,728

III. REVISED 2020 ANNUAL REPORTS AND FIRST QUARTERLY REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2021

The Company revised the 2020 Annual Reports and the accompanying notes as well as the first quarterly report for the three months ended 31 March 2021 published under the requirements of SSE according to the above adjustments. Please refer to the revised reports, and the revised figures are presented in bold. The revised A share 2020 Annual Report and first quarterly report for the three months ended 31 March 2021 are published on the website of the Shanghai Stock Exchange (www.sse.com.cn) on the same day.

IV. CONCLUSIVE OPINIONS OF THE BOARD OF DIRECTORS, INDEPENDENT DIRECTORS, SUPERVISORY COMMITTEE AND AUDITORS OF THE COMPANY

(I). Opinions of the board of directors on the correction of accounting errors

The board of directors is of the view that the correction of accounting errors by the Company is in compliance with the requirements of relevant documents such as Accounting Standard for Business Enterprises No.28 – Changes in Accounting Policies and Accounting Estimates* (《企業會計準則第28號—會計政策、會計估計變更和差錯更正》) and Corrections of Errors, and the 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, which can more objectively and fairly reflect the financial position, operating results and cash flow of the Company. The decision-making process for the correction of accounting errors was in compliance with the relevant laws and regulations and the Articles of Association, and the correction of accounting errors is not prejudicial to the interests of the Company and its shareholders. The board of directors approves the correction of accounting errors.

(II). Opinions of the independent directors on the correction of accounting errors

The independent directors are of the view that the correction of accounting errors by the Company is in compliance with the requirements of relevant documents such as Accounting Standard for Business Enterprises* (《企業會計準則第28號—會計政策、會計估計變更和差錯更正》) and the 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, which can more objectively and fairly reflect the financial position, operating results and cash flow of the Company. The consideration and voting process of the board of directors for the correction of accounting errors was in compliance with the relevant laws and regulations and the Articles of Association, and the correction of accounting errors is not prejudicial to the interests of the Company and its shareholders. The independent directors approve the correction of accounting errors.

(III). Opinions of the supervisory committee on the correction of accounting errors

The supervisory committee is of the view that the correction of accounting error is in compliance with the requirements of relevant documents such as Accounting Standard for Business Enterprises No.28 – Changes in Accounting Policies* (《企業會計準則第28號—會計政策、會計估計變更和差錯更正》) and Accounting Estimates and Corrections of Errors, and the 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, which can more objectively and fairly reflect the financial position, operating results and cash flow of the Company. The consideration and voting process of the board of directors for the correction of accounting errors was in compliance with the relevant laws and regulations and the Articles of Association. The supervisory committee approves the correction of accounting errors.

(IV). Opinions of the auditors on the correction of accounting errors

Da Hua issued the Review Report on Specific Explanation on the Correction of Accounting Errors of 2020 Annual Report of Xinjiang La Chapelle Fashion Co., Ltd. (Da Hua He Zi [2020] No. [2021]009680)* (《關於新疆拉夏貝爾服飾股份有限公司2020年度年度報告會計差錯更正專項說明的審核報告》(大華核字[2021]009680號)) in respect of the above accounting errors, and is of the view that the Specific Explanation on the Correction of Accounting Errors of 2020 Annual Report prepared by the Company is prepared in accordance with the provisions of relevant requirements including Accounting Standard for Business Enterprises No. 28 – Changes in Accounting Policies and Accounting Estimates and Corrections of Errors* (《企業會計準則第28號—會計政策、會計估計變更和差錯更正》) 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, and it factually reflects the correction of accounting errors in the year ended 31 December 2020 of the Company.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Xinjiang La Chapelle Fashion Co., Ltd.
Mr. Zhang Xin
Chairman

Shanghai, the People's Republic of China
20 July 2021

As of the date of this announcement, the executive directors of the Company are Mr. Zhang Xin and Ms. Zhang Ying; the non-executive director of the Company is Mr. Zhao Jinwen; the independent non-executive directors of the Company are Mr. Xing Jiangze, Ms. Chow Yue Hwa Jade and Mr. Zhu Xiaozhe.