

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

# La Chapelle

新疆拉夏貝爾服飾股份有限公司  
**Xinjiang La Chapelle Fashion Co., Ltd.**  
(IN LIQUIDATION)

*(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 PROVISION FOR ASSET IMPAIRMENT FOR THE FIRST HALF YEAR  
ENDED 30 JUNE 2023**

This announcement is made by Xinjiang La Chapelle Fashion Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) and Rule 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 convened the third meeting of the fifth session of the board of directors and the third meeting of the fifth session of the supervisory committee on 30 August 2023, at which a resolution in relation to the provision for asset impairment for the first half year ended 30 June 2023\* (《關於2023年半年度計提資產減值準備的議案》) was considered and approved, details of which are as follows:

## **I. SUMMARY OF THE PROVISION FOR ASSET IMPAIRMENT**

In order to objectively and accurately reflect the asset impairment and financial position of the Company, the Company reviewed and conducted impairment tests in respect of inventories, accounts receivable, other receivables and other current assets that were showing indications of asset impairment for the first half year ended 30 June 2023 in accordance with the provisions of the “Accounting Standards for Business Enterprises”\* (《企業會計準則》) and the accounting policies of the Company. Upon testing by the Company, the Company made a provision of approximately

RMB1,133.174 million in aggregate for asset impairment for the first half year ended 30 June 2023. The details are as follows:

No.	Types of Provision for Asset Impairment	Amount (RMB'0000)
1	Accounts receivable	78,883.8
2	Other receivables	22,838.2
3	Inventories	497.6
4	Other current assets	11,097.8
<b>Total</b>		<b>113,317.4</b>

## II. DESCRIPTION OF PROVISION FOR ASSET IMPAIRMENT

### (a) Provision for bad debts of accounts receivable

As at 30 June 2023, the Company's balance of accounts receivable was RMB1,222.333 million. The Company's policy for the provision for bad debts is as follows: When there is objective evidence that the Company will be unable to recover its accounts receivable in accordance with the original terms of the accounts receivable, the Company will make provision for bad debts for such accounts receivable separately. On the balance sheet date, the Company conducted impairment tests on each of the accounts receivable of individually significant amounts separately, and made provision for bad debts based on the lifetime expected credit loss. For the accounts receivable which are classified into combinations, the Company considered its experience of historical credit loss, the current situation and its forecast of the future economic condition in compiling a table which compares the number of overdue days of the accounts receivable against the rate of the expected credit loss of the duration of the accounts receivable to calculate the expected credit loss. As La Chapelle Fashion (Taicang) Co., Ltd.\* (拉夏貝爾服飾(太倉)有限公司) ("La Chapelle Taicang") has entered into bankruptcy reorganization procedures, the Company anticipates that it will have difficulty in collecting the receivables due to La Chapelle Taicang. Taking into account the test results, the Company made a RMB788.838 million provision for bad debts of accounts receivable for the reporting period.

### (b) Provision for bad debts of other receivables

As at 30 June 2023, the balance of other receivables of the Company was RMB866.123 million, mainly including deposit and guarantee deposit receivables from customers, and other receivables in respect of the bankruptcy of the subsidiaries. For other receivables which are classified into combinations, the Company considered its experience of historical credit loss, the current situation and its forecast of the future economic condition to calculate the expected credit loss with reference to default risk exposure and the rate of the expected credit loss in the next 12 months or the rate of the lifetime expected credit loss. As Nuoxing (Shanghai) Fashion Co., Ltd.\* (諾杏(上海)服飾有限公司) ("Shanghai Nuoxing") and La Chapelle Taicang, both former wholly-owned subsidiaries of the Company, have entered into

bankruptcy liquidation procedures and bankruptcy reorganization procedures respectively, the Company anticipates that it will have difficulty in collecting the receivables due from Shanghai Nuoxing and La Chapelle Taicang. Taking into account the test results, the total provision for bad debts of other receivables amounted to RMB228.382 million for the reporting period.

**(c) Provision for impairment of inventories**

As at 30 June 2023, the balance of the book value of inventories of the Company amounted to RMB131.188 million, including finished goods inventory, raw materials and low-value consumables. The provision for the decline in the value of inventories of the Company was determined at the excess value of the inventory cost of the inventories over their net realisable value. The net realisable value of the inventories was determined based on the estimated selling price in the ordinary course of business, less the estimated selling expenses and related taxes and levies. The provision for the decline in value of inventories was made in respect of each of the categories for finished goods inventory and goods sold, and was calculated according to a certain estimated percentage of inventory procurement costs and increases with the aging of the inventories. Based on the principle of prudence, the Company conducted an impairment test on the categories of inventories in which the inventory costs were higher than their net realisable values during the reporting period. Taking into account the test results, the provision for the decline in the value of inventories amounted to RMB4.976 million for the reporting period.

**(d) Provision for impairment of other current assets**

During the reporting period, the Company made provision for impairment of other current assets of RMB110.978 million, mainly due to the Company's investments in Shanghai Nuoxing and La Chapelle Taicang, both former wholly-owned subsidiaries of the Company, and Anhui Xinshang Apparel Co., Ltd.\* (安徽欣裳服飾有限公司) (“**Anhui Xinshang**”), a former subsidiary of the Company. As the above-mentioned subsidiaries have entered into bankruptcy liquidation procedures, bankruptcy reorganization procedures, and dissolution procedures respectively, they are no longer consolidated into the consolidated financial statements of the Company, and as the Company expects that it will be difficult to recover the amount invested in them, a full provision for impairment has been made.

**III. IMPACT OF THE PROVISION FOR ASSET IMPAIRMENT ON THE COMPANY**

For the first half year ended 30 June 2023, the Company made an aggregate provision for asset impairment of approximately RMB1,133.174 million. According to the Guidelines for the Application of Regulatory Rules – Accounting No. 3\* (《監管規則適用指引 – 會計類第3號》), when disposing of subsidiaries, the Company shall, in the consolidated financial statements, conduct accounting treatment of the accounts receivable of the former subsidiary in accordance with the relevant provisions of the standards for financial instruments, and deduct the investment income generated by disposing of subsidiaries from the difference between the amount recognized and measured and the original book balance of the accounts receivable in the consolidated

financial statements. Therefore, the Company recognized investment income of approximately RMB-1,128.198 million for the above-mentioned subsidiaries involved in bankruptcy liquidation procedures, bankruptcy reorganization procedures, and dissolution procedures and as these subsidiaries generated investment income of approximately RMB663.742 million through the reversal of excessive losses, the final recognized investment income was approximately RMB-464.456 million; after combining the impact of factors such as the reversal of impairment, the Company recognized asset impairment loss of RMB4.976 million and credit impairment loss of RMB-17.176 million in the first half year ended 30 June 2023. All of the above was included in the profit and loss account for the first half year ended 30 June 2023.

#### **IV. STATEMENT OF THE AUDIT COMMITTEE OF BOARD OF DIRECTORS ON THE JUSTIFICATION OF THE PROVISION FOR ASSET IMPAIRMENT**

The audit committee of the board of directors is of the view that the provision for assets impairment is in line with the “Accounting Standards for Business Enterprises” and the actual situation of the Company. After the provision for asset impairment, the financial position and operating results of the Company would be more fairly reflected, and the accounting information on the asset value of the Company would be more accurate, reliable and reasonable, and hence the audit committee of the board of directors agrees with the provision for asset impairment.

#### **V. OPINION OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

The independent non-executive directors of the Company are of the view that the provision for assets impairment made by the Company is in line with the “Accounting Standards for Business Enterprises” and the relevant provisions of the Company’s accounting policies, and can give a fair view of the financial position and operating results of the Company without prejudicing the interests of the Company and its shareholders as a whole, in particular the interests of the minority shareholders of the Company. In respect of the provision, appropriate decision-making procedures have been performed and the relevant voting procedure is in compliance with the requirements of relevant laws and regulations and the articles of association of the Company.

#### **VI. OPINION OF SUPERVISORY COMMITTEE**

The supervisory committee of the Company is of the view that the provision for asset impairment of the Company is made in accordance with the “Accounting Standards for Business Enterprises” and related requirements, is in line with the Company’s actual situation and can fairly reflect the financial position and operating results of the Company as at 30 June 2023; the decision-making procedures of the board of directors of the Company on such matters are in compliance with the laws and regulations. The supervisory committee therefore agrees with the provision for asset impairment of the Company.

## VII. CONTINUED SUSPENSION OF TRADING

At the request of the Company, following the designation of the administrator for the Company's bankruptcy liquidation, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited has been suspended with effect from 9:00 a.m. on 7 February 2023, and will remain suspended until further notice. The Company will publish further announcement(s) to inform the shareholders and potential investors of any material developments in connection with the suspension of trading as and when appropriate.

**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. Zhao Jinwen**  
*Chairman*

Shanghai, the People's Republic of China  
30 August 2023

*As of the date of this announcement, the executive directors of the Company are Mr. Zhao Jinwen, Ms. Zhang Ying and Mr. Zhu Fengwei, the non-executive director of the Company is Ms. Wang Yan, the independent non-executive directors of the Company are Mr. Xing Jiangze, Ms. Chow Yue Hwa Jade and Ms. Yang Linyan.*

\* *For identification purposes only*