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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 DISCIPLINARY DECISION OF SHANGHAI STOCK EXCHANGE

This announcement is made by Xinjiang La Chapelle Fashion Co., Ltd. (the “**Company**”) pursuant to Rule 13.09(2), Rule 13.51B(2) and 13.51(2)(n) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Reference is made to (i) announcements of the Company dated 16 January 2019 and 18 January 2019, and circular of the Company dated 22 January 2019, each in relation to the proposed mandate to repurchase A shares of the Company (“**A Share(s)**”), (ii) announcement of the Company dated 28 August 2019 and circular of the Company dated 30 August 2019 each in relation to the proposed adjustment to A Share repurchase mandate, (iii) announcement of the Company dated 22 March 2020 and circular of the Company dated 3 April 2020 each in relation to further adjustment to the A Share repurchase mandate, and (iv) announcement of the Company dated 29 September 2020 and the circular of the Company dated 30 September 2020, each in relation to the termination of the repurchase of A Shares of the Company.

Reference is also made to (i) announcement of the Company dated 20 April 2020 in relation to corrective measure decision from the Shanghai Regulatory Bureau of the China Securities Regulatory Commission, (ii) announcement of the Company dated 8 May 2020 in relation to the rectification report addressing the decision from the Shanghai Regulatory Bureau of the China Securities Regulatory Commission ordering the Company to take corrective measures, and (iii) announcement of the Company dated 9 October 2020 in relation to the receipt of regulatory letter of concern from Xinjiang Regulatory Bureau of the China Securities Regulatory Commission in relation to the repurchase of A shares of the Company.

On 20 January 2021, the Company received the “Decision in relation to Public Criticism against Xinjiang La Chapelle Fashion Co., Ltd and its Relevant Responsible Persons” ([2021] No. 4)* (《關於對新疆拉夏貝爾服飾股份有限公司及有關責任人予以通報批評的決定》([2021] 4號)) (the “**Decision Letter**”) from the Shanghai Stock Exchange, the contents of which are summarised as follows:

INCOMPLIANCE OF THE COMPANY

- (1) On 16 January 2019, Xinjiang La Chapelle Fashion Co., Ltd. disclosed an announcement that its board of directors reviewed and approved a share repurchase plan. The Company proposed to repurchase the A shares of the Company by means of centralized bidding within 6 months from the approval of the repurchase plan at the general meeting of shareholders. The proposed repurchase price is in the range of RMB7.31 per A Share to RMB13.50 per A Share, and the total amount of funds to be used for the repurchase is no more than RMB80 million and no less than RMB50 million, the A Shares repurchased will be used as equity incentive and employee share ownership plan. On March 22, 2019, the Company held a general meeting of shareholders to consider and approve the aforementioned repurchase plan.
- (2) On 29 August 2019, the Company disclosed an announcement in relation to the adjustment to the A Share repurchase plan. In view of the fact that the closing share price of the A Shares for 20 consecutive trading days was lower than the latest audited net asset value per share of the Company, the A Share price stabilisation plan is triggered, and the Company proposed to adjust some of the original repurchase plan: First, added the purpose of repurchase for “Necessity for Maintaining the Value of the Company and Safeguarding the Rights and Interests of Shareholders-Disposal”. Second, the total amount of funds to be used for repurchase by the Company shall be no more than RMB100 million but not less than RMB50 million. Among them, the proposed repurchase amount of funds to be used for the purpose of necessity for maintaining the value of the Company and safeguarding the rights and interests of shareholders shall be between RMB40 million to RMB80 million, the proposed repurchase fund for equity incentives shall be between RMB5 million to RMB10 million, and the proposed repurchase amount used for employee share ownership plan shall be between RMB5 million to RMB10 million. Third, the number of repurchase was adjusted to not less than 3,703,700 shares. Among them, the proposed number of repurchase for necessity for maintaining the value of the Company and safeguarding the rights and interests of shareholders shall be not less than 2,962,900 shares, the proposed number of repurchase for equity incentives shall be adjusted to not less than 370,400 shares, and the proposed number of repurchase for the employee share ownership plan shall be adjusted to not less than 370,400 shares. Fourth, the Company adjusted the implementation period for the repurchase. Among them, the implementation period for the repurchase for the purpose of necessity for maintaining the value of the Company and safeguarding the rights and interests of shareholders shall be no more than 3 months from the date of review and approval of the repurchase plan at the general meeting of shareholders (i.e. 16 October 2019 to 15 January 2020), and the implementation period for repurchase for equity incentives and employee share ownership plan has been adjusted to be 22 March 2019 to 21 March 2020. On 17 October 2019, the Company held a general meeting of shareholders to review and approve the above adjustment plan.

- (3) On 17 January 2020, the Company published an announcement on the Shanghai Stock Exchange in relation to the implementation results relating to the repurchase for part of the repurchase purposes. As of 15 January 2020, the Company has cumulatively repurchased 3,573,200 A shares, with a repurchase amount of RMB20,009,946.00. The above-mentioned share repurchase is used for maintaining the value of the Company and safeguarding the rights and interests of shareholders. The lower limit of the repurchase plan has not been reached.
- (4) On 20 March 2020, the Company held a general meeting of shareholders to review and approve the proposal to adjust the share repurchase implementation period, and further extended the implementation period for repurchase plan to 21 September 2020. The purpose of share repurchase will be for equity incentive and employee share ownership plan.
- (5) On 21 September 2020, the above-mentioned share repurchase implementation period of the Company expired. The Company has repurchased 3,573,200 A shares in total, with a repurchase amount of RMB20,009,946.00, all used for maintaining the value of the Company and safeguarding the rights and interests of shareholders. On 30 September 2020, the Company announced the termination of this repurchase. The shares repurchased by the Company were all for the purpose of maintaining the value of the Company and safeguarding the rights and interests of shareholders. The actual repurchase amount accounts for 50% of the lower limit of the planned amount and the number of repurchase accounts for 40% of the lower limit of the overall repurchase plan. The Company has not implemented repurchase for equity incentive and employee share ownership plan.

The implementation of share repurchases by listed companies will have a great impact on the rights of the shareholders of the Company and the trading of the Company's shares. The disclosure of the Company's large-amount repurchase plan has created corresponding expectations from the market and investors. The Company did not implement the repurchase in accordance with its share repurchase plan as publicly disclosed, and the actual repurchase amount only reached 40% of the lower limit of the overall repurchase plan. The actual implementation is different from the disclosed repurchase plan, and the repurchase was not completed as planned after the extension, which affected expectations from investors and market. The above actions of the Company violated Article 1.4 of the Rules Governing the Listing of Stock on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》) (the “**Rules Governing the Listing of Stock**”) and Article 5, Article 41 and other relevant regulations under the Implementation Rules of the Shanghai Stock Exchange for the Repurchase of Shares by Listed Companies* (《上海證券交易所上市公司回購股份實施細則》) (the “**Repurchase Shares Implementation Rules**”).

IDENTIFICATION OF RESPONSIBLE PERSONS

The then chairman of the Company, Xing Jiaying, (whose term of office is from 25 September 2017 to 3 February 2020), and Duan Xuefeng (whose term of office is from 8 May 2020 to present (11 January 2021)), each as the first responsible person of making operating decisions and information disclosure, shall be responsible for disclosure and implementation of the share repurchase plan, but have both failed to exercise due diligence and shall be responsible for the Company's non-compliance. The actions of the above-mentioned responsible persons are in breach of Article 3.1.4 and Article 3.1.5 of the “Rules Governing the Listing of Stock” and Article 6 of the “Repurchase Shares Implementation Rules” and

their undertakings given under the Declaration and Undertaking of Directors (Supervisors or Senior Management). Regarding the disciplinary decision, the Company and the responsible persons responded without objection within the prescribed time limit.

DISCIPLINARY DECISION

Given the abovementioned violations, upon the consideration and approval of the Disciplinary Committee of the Shanghai Stock Exchange, the Shanghai Stock Exchange has made the following disciplinary decisions in accordance with the relevant provisions including rule 16.2 and rule 16.3 of the Stocks Listing Rules and the relevant provisions under the Implementation of Disciplinary Action and Regulatory Measures of the Shanghai Stock Exchange* (《上海證券交易所紀律處分和監管措施實施辦法》) and Guidelines No. 2 for the Application of Self-Disciplinary Supervision Rules for Listed Companies of the Shanghai Stock Exchange-Implementation Standards for Disciplinary Actions* (《上海證券交易所上市公司自律監管規則適用指引第2號—紀律處分實施標準》):

“Public criticism was made at Xinjiang La Chapelle Fashion Co., Ltd. and the then chairman of the Company, Xing Jiaying and Duan Xuefeng”

The Shanghai Stock Exchange would notify the China Securities Regulatory Commission of the above disciplinary action which would also be recorded on the integrity profile of the listed companies.

The Company shall take this decision as a warning and strictly abide by the laws, regulations and stipulations of the Rules Governing the Listing of Securities to perform its information disclosure obligations. Directors, supervisors and senior management shall perform their fiduciary duty to procure the Company to operate in compliance and ensure that all material information is disclosed by the Company in a timely, fair, truthful, accurate and complete manner.

Save as disclosed above, there are no other information of Mr. Xing Jiaying and Mr. Duan Xuefeng during the course of their term of office which is required to be disclosed to or otherwise brought to the attention of the shareholders of the Company or the Stock Exchange under Rule 13.51(2)(h) to (v) of the Listing Rules.

The Decision Letter has no material adverse impacts on the results of operations of the Company, and does not affect the normal operations of the Company. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By Order of the Board
Xinjiang La Chapelle Fashion Co., Ltd.
Ms. Zhang Ying
Chairman

Shanghai, the People's Republic of China
21 January 2021

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

** For identification purpose only.*