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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)

UPDATE ANNOUNCEMENT IN RELATION TO PETITIONS FOR WINDING-UP OF THE COMPANY BY CREDITORS

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 and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 29 April 2021 in relation to update on the asset freezes and accumulated litigation involving the Company and its subsidiaries, the announcement of the Company dated 22 November 2021 in relation to petitions for winding-up by the creditors, and the announcement of the Company dated 30 December 2021 in relation to a new petition for winding-up of the Company by a creditor (the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

On 10 January 2022, the Company received (2021) Xin 0104 Po Shen No.4* ((2021) 新0104破申4號), (2021) Xin 0104 Po Shen No.5* ((2021) 新0104破申5號), (2021) Xin 0104 Po Shen No.6* ((2021) 新0104破申6號) and (2021) Xin 0104 Po Shen No.7* ((2021) 新0104破申7號) Civil Judgments* (《民事裁定書》) (collectively, the “**Civil Judgments**”) from the People’s Court of Xinshi District, the details of which are as follows:

I. OVERVIEW OF THE PETITIONS FOR WINDING-UP

On 22 November 2021, the Company received the documents couriered by the People’s Court of Xinshi District and learnt that the creditors of the Company, namely Jiaxing Chengxin, Hongshulin and Zhejiang Zhongda had submitted to the court petitions for winding-up of the Company. For details, please refer to the announcement of the Company dated 22 November 2021.

On 30 December 2021, the Company received a petition for winding-up by a creditor* (《債權人破產申請書》) forwarded by the People’s Court of Xinshi District and learnt that a new creditor, Pinghu Yurong had applied to the court for winding-up and liquidation of the Company. For details, please refer to the announcement of the Company dated 30 December 2021.

II. UPDATES ON THE PETITIONS FOR WINDING-UP

On 10 January 2022, the Company received the Civil Judgments* (《民事裁定書》) from the People’s Court of Xinshi District, the details of which are as follows:

Upon review, the People’s Court of Xinshi District was of the view that, in accordance with article 3 of the Enterprise Bankruptcy Law of the People’s Republic of China* (《中華人民共和國企業破產法》), “Jurisdiction in a bankruptcy case shall lie with a people’s court of the place where the debtor is domiciled.” And in accordance with paragraph 2 of article 3 of the Interpretation of the Supreme People’s Court on the Application of the Civil Procedure Law of the People’s Republic of China* (《最高人民法院關於適用<中華人民共和國民事訴訟法>的解釋》), “Where the principal place of business of a legal person of other organization cannot be determined, the place of registration of the legal person or other organization is the domicile thereof.” The People’s Court of Xinshi District was of the view that the petitions for winding-up submitted by Zhejiang Zhongda, Hongshulin, Jiaxing Chengxin and Pinghu Yurong as the petitioners to the court shall be subject to the jurisdiction of the People’s Court of Xinshi District in accordance with the laws. On 4 January 2021, the Company, as the respondent, confirmed that the address of the Company is South Lianhua Road, Minhang District, Shanghai* (上海市閔行區蓮花南路) in the Confirmation of Delivery Address* (送達地址確認書) for the civil case (2021) Xin 0104 Min Chu No.34* ((2021) 新0104民初34號) of the People’s Court of Xinshi District. In addition, in the civil case (2021) Xin 0104 Min Chu No. 5464* ((2021) 新0104民初5464號) of the People’s Court of Xinshi District, the Company confirmed that its address is Caoxi Road, Xuhui District, Shanghai* (上海市徐匯區漕溪路) and filed objection to the court’s jurisdiction on that basis. Accordingly, the People’s Court of Xinshi District made a civil ruling of one of (2021) Xin 0104 Min Chu No. 5464, pursuant to which the case was transferred to the People’s Court of Xuhui District of Shanghai Municipality* (上海市徐匯區人民法院), and such civil ruling has come into effect in accordance with the law. Accordingly, based on the review of the People’s Court of Xinshi District, the Company, as the respondent, is

domiciled outside of the jurisdiction of the People's Court of Xinshi District, and the People's Court of Xinshi District does not have the relevant jurisdiction. Thus the petitions for winding-up submitted to the People's Court of Xinshi District by the petitioners including Zhejiang Zhongda, Hongshulin, Jiaying Chengxin and Pinghu Yurong do not meet the statutory criteria for acceptance of the petitions, as a result the People's Court of Xinshi District refused to accept such cases.

In summary, in accordance with the provisions of article 3 of the Enterprise Bankruptcy Law of the People's Republic of China, article 21 of the Civil Procedure Law of the People's Republic of China* (《中華人民共和國民事訴訟法》) and paragraph 2 of article 3 of the Interpretation of the Supreme People's Court on the Application of the Civil Procedure Law of the People's Republic of China, the court holds that:

The petitions of Zhejiang Zhongda, Hongshulin, Jiaying Chengxin and Pinghu Yurong are dismissed.

Any party who objects to the aforesaid ruling may, within 10 days after the ruling is served upon such party, submit a written appeal to the People's Court of Xinshi District and provide copies thereof according to the number of the other party(ies) or the number of representatives of the other party(ies), and the appeal shall be made to the Intermediate People's Court of Xinjiang Uygur Autonomous Region* (新疆維吾爾自治區烏魯木齊市中級人民法院).

III. IMPACT ON THE COMPANY

As at the date of this announcement, a total of four creditors have submitted petitions for winding-up and liquidation of the Company to the People's Court of Xinshi District, which has dismissed such petitions on the basis that it does not have the relevant jurisdiction. Nevertheless, it could not be ruled out that the relevant creditors may reapply to other people's courts for winding-up and liquidation of the Company. Currently, the Company's daily production and business activities remain in normal operation. The Company will continue to actively negotiate with creditors and the court, strive to eliminate the adverse impacts as soon as possible, and use its best endeavours to safeguard the interests of the Company and its shareholders, especially those of the minority shareholders.

IV. RELEVANT RISK WARNINGS

1. As at the date of this announcement, a total of four creditors have submitted petitions for winding-up and liquidation of the Company to the People's Court of Xinshi District, which has dismissed such petitions. Nevertheless, it could not be ruled out that the relevant creditors may reapply to other people's courts for winding-up and liquidation of the Company. If any creditor applies to other courts for winding-up and liquidation of the Company and the Company is thereby declared insolvent by the court, the A shares of the Company will be subject to the risk of delisting in accordance with Rule 9.4.13 of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange* (《上海證券交易所股票上市規則》).
2. The Company will pay close attention to the development of the matter and perform its information disclosure obligations in a timely manner in accordance with the relevant requirements.

V. IMPORTANT RISK WARNING FOR A SHARES OF THE COMPANY

Risk of financially-related compulsory delisting in respect of the A shares of the Company: as the audited net assets attributable to the shareholders of the Company as at 31 December 2020 was negative, a delisting risk has been imposed by the Shanghai Stock Exchange on the A shares of the Company. As at 30 September 2021, the net assets attributable to shareholders of the Company were approximately -RMB896.481 million. Currently, the Company is still facing a large burden of debts and operational pressure. If the audited net assets attributable to the shareholders of the Company as at 31 December 2021 is still negative, in accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange* (《上海證券交易所股票上市規則》), the A shares of the Company may be delisted.

In the audit report issued by the auditors, the Company's financial statements for the year ended 31 December 2020 were given a qualified opinion. In accordance with Rule 9.3.11(1) of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, if the auditors issue an audit report without opinion or with an adverse opinion or a qualified opinion, the A shares of the Company may be delisted.

Risk of petitions for winding-up and liquidation of the Company: as at the date of this announcement, a total of four creditors have submitted petitions for winding-up and liquidation of the Company to the People's Court of Xinshi District, which has dismissed such petitions on the basis that it does not have the relevant jurisdiction. Nevertheless, it could not be ruled out that the relevant creditors may reapply to other people's courts for winding-up and liquidation of the Company. Currently, the Company's daily production and business activities remain in normal operation. The Company will continue to actively negotiate with creditors and the court, strive to eliminate the adverse impacts as soon as possible, and use its best endeavours to safeguard the interests of the Company and its shareholders, especially those of the minority shareholders.

Risk of liquidity and continuation as a going concern: the net profits after deducting non-recurring gains and losses of the Company have been negative for three consecutive financial years, and at the same time, the 2020 audit report indicates an uncertainty as to whether the Company can continue to operate as a going concern. As a result, the Shanghai Stock Exchange has imposed other risk warnings on the Company's A shares. In view of the continuing operating losses incurred by the Company and the pressure of cash outflow caused by operating activities and repayment of debts as they fall due, the Company is currently facing greater cash flow pressure and a risk of concentration of debts repayments.

Risk of litigations and freezing of assets: as at 29 December 2021, the aggregate amount of the accumulated litigations that have not been adjudicated is approximately RMB525 million. The amount of the accumulated litigations that have been adjudicated but pending enforcement is approximately RMB1.8 billion. As a result of the Group's involvement in a large number of lawsuits, an aggregate of 145 bank accounts of the Group have been frozen, involving a total frozen amount of approximately RMB111 million. the Company's equity interests in 17 of its subsidiaries have been frozen, involving a total equity amount of approximately RMB1,075.65 million. As a result of the Company's involvement in a large number of lawsuits, 4 real properties of the Company (with an aggregate book value of approximately RMB1.646 billion as at 30 November 2021) have been seized. The aforesaid issues have affected the cash flow and business operation of the Company to some extent, and it cannot be guaranteed that no other assets of the Company may be frozen in the new lawsuits arising in future.

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
10 January 2022

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

* For identification purposes only