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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, the announcement of the Company dated 30 December 2021 in relation to a new petition for winding-up of the Company by a creditor and the update announcement of the Company dated 10 January 2022 in relation to the petitions for winding-up of the Company by creditors (the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

On 14 February 2022, the Company received the Appeal\* (上訴狀) (the “**Appeal**”) of Zhejiang Zhongda, one of the Company’s creditors, against the (2021) Xin 0104 Po Shen No.4\* ((2021) 新0104 破申4號) Civil Judgment\* (《民事裁定書》) as dispatched by 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.

On 10 January 2022, the Company received the (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》) (the “**Civil Judgments**”) from the People’s Court of Xinshi District, in which the People’s Court of Xinshi District held that it does not have the relevant jurisdiction, thus the petitions of Zhejiang Zhongda, Jiaxing Chengxin, Hongshulin and Pinghu Yurong are dismissed. For details, please refer to the announcement of the Company dated 10 January 2022.

## II. REASONS FOR APPEAL AS SUBMITTED BY ZHEJIANG ZHONGDA

In the Appeal of Zhejiang Zhongda, it is submitted that the dismissal by the People’s Court of Xinshi District (“**the Court of First Instance**” or the “**Court**”) of Zhejiang Zhongda’s petition under the circumstance where the principal place of business of the Company (the “**Respondent**”) is undetermined lacks both factual and legal basis.

The reason for the Court of First Instance to dismiss the case is that “Xinjiang La Chapelle Fashion Co., Ltd., the Respondent, is domiciled outside of the jurisdiction of the Court, hence the Court does not have the relevant jurisdiction.” The judgment of the Court of First Instance mentioned two addresses of the Respondent, namely, “10/F, Building 4, No.50, Lane 2700, South Lianhua Road, Minhang District, Shanghai\* (上海市閔行區蓮花南路)”, and “Caoxi Road, Xuhui District, Shanghai\* (上海市徐匯區漕溪路)”, the latter of which was confirmed by the Company, the Respondent, as its address in the civil case (2021) Xin 0104 Min Chu No. 5464\* ((2021) 新0104民初5464號). As the Court of First Instance did not clearly specify which of these two addresses shall be the principal place of business of the Respondent, the case would fall under the situation where the principal place of business of a legal person becomes undetermined. 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》), which provides that “where the principal place of business of a legal person or other organization cannot be determined, the place of registration of the legal person or other organization is the domicile thereof”, and 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》), which provides that “a bankruptcy case shall be subject to the jurisdiction of the people’s court in which the debtor is domiciled”, the competent court in the current case shall be determined on the basis of the Company’s place of registration, that is, Room 2008, 20/F, Tower D, Chuangxin Square, Si Ping Road, Xinshi District, Urumqi, Xinjiang\* (烏魯木齊市新市區四平路創新廣場的D座20層2008室), and accordingly Zhejiang Zhongda’s petition for winding-up of the Company shall be subject to the jurisdiction of the People’s Court of Xinshi District.

### **III. SUBJECT MATTER OF THE APPEAL OF ZHEJIANG ZHONGDA**

To revoke (2021) Xin 0104 Po Shen No.4 Civil Judgment and for the People's Court of Xinshi District to rule for the acceptance of Zhejiang Zhongda's petition for winding-up against the Company in accordance with the law.

### **IV. IMPACT ON THE COMPANY**

Previously, 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. As at the date of this announcement, saved for Zhejiang Zhongda who has submitted an appeal, it could not be ruled out that the other three creditors may appeal to the Urumqi 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) and that the relevant creditors may reapply to other people's courts for winding-up and liquidation of the Company. Currently, the Company has not received any judgment from the court over the current Appeal and there is great uncertainty in respect of the creditor's petitions for the winding-up 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.

### **V. RELEVANT RISK WARNINGS**

1. Previously, 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. As at the date of this announcement, saved for Zhejiang Zhongda who has submitted an appeal, it could not be ruled out that the other three creditors may appeal to the Urumqi Intermediate People's Court of Xinjiang Uygur Autonomous Region and that the relevant creditors may reapply to other people's courts for winding-up and liquidation of the Company. Currently, the Company has not received any judgment from the court over the current Appeal and there is great uncertainty in respect of the creditor's petitions for the winding-up of the Company.
2. If the relevant court eventually accepts the creditors' petitions for winding-up of the Company and the Company is thereby declared insolvent by the court, the A shares of the Company will be delisted 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》).
3. 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.

## VI. 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. Based on the preliminary assessment made by the finance department of the Company, it is estimated that the net assets attributable to shareholders of the Company as at 31 December 2021 will be between minus RMB1.2 billion and minus RMB1.6 billion. 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. As the qualified opinion given on the Company's financial statements for the year ended 31 December 2020 has not yet been removed, it is expected that the Company may not receive an unqualified opinion for its financial statements for the year ended 31 December 2021. 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 for the year ended 31 December 2021, the A shares of the Company may be delisted.

Risk of receiving petitions for winding-up and liquidation of the Company: Previously, 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. As at the date of this announcement, saved for Zhejiang Zhongda who has submitted an appeal, it could not be ruled out that the other three creditors may appeal to the Urumqi 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) and that the relevant creditors may reapply to other people's courts for winding-up and liquidation of the Company. Currently, the Company has not received any judgment from the court over the current Appeal and there is great uncertainty in respect of the creditor's petitions for the winding-up of the Company. If the relevant court eventually accepts the creditors' petitions for winding-up of the Company and the Company is thereby declared insolvent by the court, the A shares of the Company may be delisted 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》).

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 27 January 2022, the aggregate amount of the accumulated litigations that have not been adjudicated is approximately RMB463 million. The amount of the accumulated litigations that have been adjudicated but pending enforcement is approximately RMB1.97 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 RMB109 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 RMB1.639 billion as at 31 December 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  
14 February 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