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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 PETITION FOR WINDING-UP OF A WHOLLY-OWNED SUBSIDIARY BY ITS CREDITOR

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 overseas regulatory announcement of the Company dated 8 December 2020 in relation to asset freezes and accumulated litigation involving the Company and its subsidiaries.

I. OVERVIEW OF THE PETITIONS FOR WINDING-UP

On 8 May 2022, Shanghai Weile Fashion Co., Ltd.* (上海微樂服飾有限公司)(“**Shanghai Weile**”), a wholly-owned subsidiary of the Company, was notified by the Shanghai No.3 Intermediate People’s Court* (上海市第三中級人民法院) (the “**Court**”) that Jiangsu Haiqi International Co., Ltd.* (江蘇海企國際股份有限公司)(“**Jiangsu Haiqi**”), a creditor of Shanghai Weile, had submitted “Application For Winding-Up”* (《破產申請書》) to the Court, the details of which are as follows:

Petitioner: Jiangsu Haiqi

Respondent: Shanghai Weile

Subject matter of the petition: To petition for the winding-up and liquidation of Shanghai Weile as the respondent

Facts and reasons: The case concerns a dispute over processing contract between the petitioner and the respondent, in respect of which the People’s Court of Xuhui District in Shanghai* (上海市徐匯區人民法院) issued the (2020) Hu Min Chu No. 2904 Civil Mediation Letter* ((2021) 滬 0104 民初 2904 號民事調解書), which has become legally effective. Jiangsu Haiqi, being the applicant for enforcement, made an application on 15 July 2021 to the People’s Court of Xuhui District in Shanghai for compulsory enforcement to petition for the payment of RMB425,000 and interest by Shanghai Weile, being the respondent. The People’s Court of Xuhui District in Shanghai issued the (2021) Hu 0104 Zhi No. 4024 Final Judgment* ((2021) 滬 0104 執 4024 號終本裁定書) on

30 August 2021, as no property under the name of the respondent was available for enforcement. The petitioner believes that the respondent is apparently no longer capable of settling its debts as they fall due, and in order to protect the legal rights of the petitioner, the petition has been made an application to the court for declaration of insolvency of the respondent in accordance with the Article 2, Article 7, and Article 70 of Enterprise Bankruptcy Law of the People's Republic of China* (《中華人民共和國企業破產法》).

For details of the abovementioned dispute, please refer to the overseas regulatory announcement of the Company dated 8 December 2020.

II. RELEVANT INFORMATION ON SHANGHAI WEILE

Company name: Shanghai Weile Fashion Co., Ltd.

Business license number: 91310112586763549E

Registered capital: RMB50,000,000

Legal representative: Xing Kunmei* (邢坤妹)

Company type: Limited liability company (sole proprietorship invested or controlled by a non-natural person)

Address: No. 58, Tanzhu Road, Minghang District, Shanghai

Business Scope: Licensed projects including various engineering construction activities; construction engineering design. (For projects subject to approval according to applicable laws, business activities can only be carried out after the approval of the relevant departments, and the specific business projects are subject to the approval documents or licenses of the relevant departments)

General projects: Apparel, shoes and hats, leather, luggage, accessories, fabrics, knitted textiles, daily necessities, bedding, watches, glasses (except contact lenses), cosmetics, craft gifts, glass products, sporting goods, office supplies, wood products, furniture and flower sales, clothing design, marketing planning, corporate image planning, conference services, exhibition services, etiquette services, project investment, industrial investment, e-commerce (not allowed to engage in value-added telecommunications, financial services), apparel technology, new technology development, technology consulting, technology services, technology transfer, house leasing, hotel management in the fields of material technology and computer network technology. (Except for the projects subject to approval according to law, the business activities shall be carried out independently according to the law with the business license)

The key financial information on Shanghai Weile (at consolidated level) is set out as follows:

Item	As at 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)	As at 31 December 2020 (Audited)
Total assets	112,159.47	110,513.75	137,429.75
Total liabilities	115,911.15	113,035.96	131,599.37
Net assets	-3,751.69	-2,522.21	5,830.38
Item	From January to March 2022 (Unaudited)	For the year ended 31 December 2021 (Audited)	For the year ended 31 December 2022 (Audited)
Revenue	1,127.58	4,706.52	8,732.51
Net profit	-1,229.48	-8,352.59	-15,794.18

III. IMPACTS OF THE PETITION FOR WINDING-UP OF THE WHOLLY-OWNED SUBSIDIARY ON THE COMPANY

1. If the petition for winding-up and liquidation is accepted by the Court, Shanghai Weile is likely to enter insolvency proceeding or be transferred to an administrator, which may result in the Company's losing control over Shanghai Weile, and it may no longer be consolidated into the consolidated financial statements of the Company.
2. As at 31 March 2022, the opening balance of the long-term equity investment on Shanghai Weile was at RMB50 million, accounts receivable was at RMB263.5033 million, other payables was at RMB268.6074 million, and guarantee provided by the Company was at approximately RMB400 million. If Shanghai Weile enters insolvency proceeding, there is a risk of not being able to recover the abovementioned long-term equity investment and receivables. In addition, as the current guarantee liability is yet to be eliminated, there may be the risk that the Company will be required to make provision for impairment and determine the corresponding estimated liabilities in accordance with the relevant provisions of the Chinese Accounting Standards for Business Enterprises.
3. As at the date of this announcement, the assets of Shanghai Weile are primarily property assets under its name (the carrying amount as at 31 March 2022 was RMB915.76 million), with which the Company has carried out its external leasing business. If Shanghai Weile subsequently enters insolvency proceeding, the scale of the Company's external leasing business may be decreased.
4. As at the date of this announcement, the Company's daily production and business activities remain in normal operation. The Company will continue to actively negotiate with the creditor 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, the Company have not received any rulings in relation to this petition for winding-up and liquidation of the wholly-own subsidiary of the Company. There is great uncertainty in the petition for the winding-up and liquidation of Shanghai Weile.
2. The Company will continue to monitor the progress of the matter. Further announcement(s) will be made by the Company as and when appropriate in a timely manner in accordance with the relevant provisions.

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

9 May 2022

As of the date of this announcement, the executive directors of the Company are Mr. Zhao Jinwen and Ms. Zhang Ying, the non-executive director of the Company is 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 purpose only.*