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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 PETITION FOR WINDING-UP OF A 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 and the announcement of the Company dated 10 May 2022 in relation to petition for winding-up of a subsidiary by its creditor.

A petition for the winding-up of Candie’s Shanghai Fashion Co., Ltd.* (上海樂歐服飾有限公司) (“**Candie’s Shanghai**”), a subsidiary of the Company, from Nantong Bosi Textile Technology Co., Ltd.* (南通博思紡織科技有限公司) (“**Nantong Bosi**”), was submitted to the Shanghai No.3 Intermediate People’s Court* (上海市第三中級人民法院) (the “**Court**”) due to Candie’s Shanghai’s inability to pay off its debts when they fall due. The Company received on 27 July 2022 the (2022) Hu 03 Po No. 193 Civil Judgement* ((2022) 滬03破193號《民事裁定書》), the (2022) Hu 03 Po No. 193 Decision* ((2022) 滬03破193號《決定書》) and the (2022) Hu 03 Po No. 193 Announcement* ((2022) 滬03破193號《公告》). The details are as follows:

I. THE MAIN PROGRESS

(I) The main contents of the (2022) Hu 03 Po No. 193 Civil Judgement are as follows:

When an enterprise legal person becomes insolvent and it is apparent that it lacks the capacity to discharge such debts, its creditor may file a petition for bankruptcy liquidation. Currently, Candie’s Shanghai Fashion Co., Ltd. is not capable of settling its debts as they fall due and it

is apparent that it lacks the capacity to discharge such debts, which constitutes the reason for bankruptcy. The petition is accepted by the Court. Accordingly, in accordance with Articles 2(1), 7(1) and 10(1) of the Enterprise Bankruptcy Law of the People's Republic of China* (《中華人民共和國企業破產法》), the ruling is as follows: the petition for winding-up Candie's Shanghai Fashion Co., Ltd. submitted by Nantong Bosi Textile Technology Co., Ltd. is accepted.

(II) The main contents of the (2022) Hu 03 Po No. 193 Decision are as follows:

On 21 July 2022, based on the petition from the creditor, the Court accepted the bankruptcy liquidation case of Candie's Shanghai Fashion Co., Ltd.. According to Fa Fa [2020] No. 14 "Opinions of the Supreme People's Court on Promoting the Legal and Efficient Trial of Bankruptcy Cases"* (法發〔2020〕14號《最高人民法院關於推進破產案件依法高效審理的意見》), the fast trial method is adopted for this case. After random lottery by the Shanghai Higher People's Court* (上海市高級人民法院), in accordance with the provisions of Article 22(1) of the Enterprise Bankruptcy Law of the People's Republic of China, Shanghai Jie Hua Law Firm* (上海市捷華律師事務所) was designated as the administrator of Candie's Shanghai Fashion Co., Ltd.. Team members of the administrator: Lai Guohao* (賴國豪), Ying Xun* (應訊), Hao Yiwen* (郝奕文), Weng Minqi* (翁敏奇), Zhao Zhipeng* (趙志鵬), Chen Lingjie* (陳凌杰), Chen Bingru* (陳冰茹), Zhu Qin* (朱琴), Zhang Shuowen* (張碩文), Ji Beibei* (計蓓蓓), and the person in charge is Lai Guohao.

The administrator shall be diligent and conscientious, perform duties faithfully, perform various duties of an administrator as stipulated in the Enterprise Bankruptcy Law of the People's Republic of China, report to the people's court of its work, and accept the supervision of the creditors' meeting and the creditors' committee. The responsibilities of the administrator are as follows:

- (1) Take over the debtor's property, seal, account books, documents and other materials;
- (2) Investigate the debtor's property status and prepare a property status report;
- (3) Make decisions on the internal management affairs of the debtor;
- (4) Determine the daily expenses and other necessary expenses of the debtor;
- (5) Before the first meeting of creditors, decide to continue or stop the business of the debtor;
- (6) Manage and dispose of the debtor's property;
- (7) Participate in litigation, arbitration or other legal proceedings on behalf of the debtor;
- (8) Propose to convene meeting of creditors;
- (9) Perform other duties that the Court deems the administrator should perform.

(III) The main contents of the (2022) Hu 03 Po No. 193 Announcement are as follows:

The first creditors' meeting is scheduled to be held at 14:30 on 8 September 2022 via online video by the Court. Creditors who have declared their claims in accordance with the law have the right to participate in the creditors' meeting. For creditor attending the meeting who is an enterprise legal person or other organization, it shall submit its business license, the identity certificate of its legal representative or the person in charge. If such creditor entrust an agent

to attend the meeting, the special power of attorney, the identity document of the entrusted agent or the lawyer's practice certificate shall be submitted. If the entrusted agent is a lawyer, a letter of assignment from the law firm should also be submitted. For the creditor attending the meeting who is natural person, he or she shall submit personal identification certificate. If such creditor entrust an agent to attend the meeting, the identity document of the entrusted agent or the lawyer's practice certificate shall be submitted. If the entrusted agent is a lawyer, a letter of assignment from the law firm should also be submitted.

II. IMPACTS ON THE COMPANY

1. As at the date of this announcement, the petition for winding-up and liquidation of Candie's Shanghai by Nantong Bosi is accepted by the Court and the administrator has been appointed. After Candie's Shanghai enters into the insolvency proceeding, the Company will lose its control over Candie's Shanghai, and Candie's Shanghai may no longer be consolidated into the consolidated financial statements of the Company. As at 31 March 2022, the unaudited total assets of Candie's Shanghai on the consolidated accounts of the Company was approximately RMB232 million, the total liabilities was approximately RMB265 million, and the net assets was approximately –RMB33 million. The balance of long-term equity investment in Candie's Shanghai of the Company was RMB10.40 million, other receivables was RMB165.6793 million. As Candie's Shanghai enters into insolvency proceeding, there are risks of the abovementioned long-term equity investment and other receivables may not be recovered and provision for asset impairment may be made. At the same time, as Candie's Shanghai is already in a state of carrying excess loss (as of 31 March 2022, the excess loss is approximately RMB33.17 million), the excess loss will be fully transferred to investment income (among which: approximately RMB 21,56 million will be attributed to the Company and approximately RMB 11,61 million will be attributed to the minority shareholders of the Company). The final impact of the above matters on the current or future profits of the Company is subject to the final liquidation results and the annual audit results.
2. Candie's Shanghai mainly operates and manages the research and development, design, and sales of the womenswear products under the Candie's brand. As the Company has been reducing its resources and focusing on the development of its core brands in recent years, the Candie's brand now accounts for a relatively small portion of the Company's business and Candie's Shanghai already has no actual clothing and apparel business, It is estimated that there will be no material adverse impact to the Company's main business operation. As at the date of this announcement, the Company's daily production and business activities remain in normal operation. The Company will continue to focus on the business of its core brands and actively communicate with the court, the administrator and creditors to safeguard the interests of the Company and its shareholders.

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
27 July 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 directors of the Company are Mr. Fu Feng 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 purpose only.*