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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.
(IN LIQUIDATION)

*(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 OF THE ADMINISTRATOR IN RELATION TO THE APPLICATION FOR REORGANISATION OF THE COMPANY

This announcement is made by the administrator of Xinjiang La Chapelle Fashion Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2), Rule 13.10B and Rule 13.25 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 14 October 2022 in relation to the petition for liquidation of the Company by a creditor, the announcement of the Company dated 3 February 2023 in relation to the decision of the court to accept the petition from a creditor for liquidation of the Company, the clarification announcement of the Company dated 6 February 2023, the announcement of the administrator of the Company dated 8 February 2023 in relation to the notice of filing claims of the creditors and convening of the first creditors’ meeting, the announcement of the administrator of the Company dated 24 May 2023 in relation to the information regarding the convening of the first creditors’ meeting of the Company, the announcement of the administrator of the Company dated 5 June 2023 in relation to the voting results of the first creditors’ meeting of the Company and the announcement of the administrator of the Company dated 20 June 2023 in relation to the pre-invitation for intended investors for the bankruptcy liquidation case of the Company (the “**Announcements**”).

Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as defined in the Announcements.

I. OVERVIEW

A creditor of the Company had presented a liquidation petition to the Shanghai No.3 Intermediate People’s Court* (上海市第三中級人民法院) (the “**Court**”) for the reason that the Company was unable to repay its debts as they fell due. The Court decided to accept the case and designated King & Wood Mallesons (Beijing), Shanghai Branch* (北京市金杜律師事務所上海分所) to act as the administrator of the Company. Under the host of the Court, the first creditors’ meeting of the case of the bankruptcy liquidation of the Company was held at 14:00 on 24 May 2023 via online conference. Members of the judicial panel, the administrator, representatives of the debtor, and creditors who have declared their claims or their proxies attended the first creditors’ meeting, at which the Property Management Plan* (《財產管理方案》) and the Resolution in relation to Off-site Verification of Creditor’s Rights and Voting* (《關於以非現場形式核查債權及表決的議案》) were passed. The administrator of the Company published the Announcement on Pre-Invitation for Intended Investors for the Bankruptcy Liquidation Case of Xinjiang La Chapelle Fashion Co., Ltd.* (《新疆拉夏貝爾服飾股份有限公司破產清算案意向投資人預招募公告》) (the “**Pre-Invitation for Intended Investors**”) on the National Enterprise Bankruptcy and Reorganization Case Information Website* (全國企業破產重整案件信息網) (<http://pccz.court.gov.cn>) on 20 June 2023. For details, please refer to the Announcements.

II. INFORMATION ON THE APPLICATION FOR REORGANIZATION

The Company submitted the application for reorganization to the Court on 29 August 2023. The main contents are as follows:

(1) Subject of the application

To Request the Court to decide to order the entering into of bankruptcy reorganization procedure of Xinjiang La Chapelle Fashion Co., Ltd..

(2) Reasons for the application for reorganization

1. The statutory requirements for conversion procedure are met by the Company

In accordance with the provisions of Section 2 of Article 70 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 “**Enterprise Bankruptcy Law**”), “where creditors apply for bankruptcy liquidation of the debtor after the People’s Court accepts the bankruptcy application but before the debtor is declared bankrupt, the debtor or its capital contributors whose capital contribution constitutes one-tenth or more of the debtor’s registered capital may apply to the People’s Court for reorganization.”

Currently, the Court has accepted the bankruptcy application of the Company but has not yet declared the Company bankrupt. Therefore, the Company complies with the requirements under Section 2 of Article 70 of the Enterprise Bankruptcy Law for applying for bankruptcy reorganization.

2. *The condition for conversion procedure is achieved by the Company*

In order to increase the ratio of debt repayment and the value of core assets, the administrator issued the “Pre-invitation Announcement” on 20 June 2023 and publicly pre-invited intended investors. As of 20 July 2023 (i.e., the expiration of the pre-invitation registration period), the administrator has received registration from one intended investor.

3. *The Company has presented value for reorganization*

In more than 20 years of production and operation, the Company has cultivated a mature industrial system and a stable customer group by focusing on its brand operation. The Company has a huge consumer base, and owns high market popularity and good market reputation.

In the meantime, the Company is currently in good operating conditions. During the period of liquidation procedures, in the process of continuous operation, the Company continued to optimize its business model and adjust its asset business structure with specific measures including but not limited to expanding online new business models, conducting refined management of offline channels, sorting out the brand matrix and focusing on core brands, and promoting resolution of historical issues, etc.. The Company has laid the foundation for returning to normal and healthy development.

The Company used to be the first domestic apparel company which is listed on both the A shares market and the H shares market, and the Company has met the requirements for reorganization and has presented value for reorganization. In order to maximize the rate of debt repayment, safeguard the interests of all creditors, and release the value of core assets, the Company and the administrator has applied to the court to order the entering into of bankruptcy reorganization procedure of the Company in accordance with the provisions of Section 2 of Article 70 of the Enterprise Bankruptcy Law.

III. THE IMPACT ON THE COMPANY

In accordance with the relevant provisions of the Enterprise Bankruptcy Law, if the court accepts the application for reorganization submitted by the Company, the Company will be transferred from the bankruptcy liquidation procedure to the bankruptcy reorganization procedure. The administrator or the Company shall formulate a draft reorganization plan of the Company within the prescribed time in accordance with laws and submit it to the creditors’ meeting for considering and voting. Creditors of the Company will be paid according to the approved reorganization plan determined by the court. After the Company has completed the implementation of the reorganization plan and succeeded in reorganization, the Company will continue to exist, and the rights and interests of investors, creditors and other relevant entities will be effectively protected in accordance with the law. If the draft reorganization plan cannot be approved by the court, the court will rule to terminate the Company’s reorganization procedures and declare the Company bankrupt.

No matter whether it enters into the reorganization procedure or not, the Company will continue to actively carry out daily production and operation.

IV. RISK WARNINGS

1. The Company is still in the bankruptcy liquidation procedures. There are still uncertainties about whether the application for reorganization will be accepted by the court and whether the Company will enter into the reorganization procedures.
2. If the court decided to accept the application for reorganization, the administrator will carry out relevant reorganization work in accordance with the law. If the Company could successfully complete the reorganization and implement the reorganization plan, it will help optimize the Company's asset-liability structure and improve the Company's sustainable operations and profitability. If the reorganization fails, there is risk that the Company being declared bankrupt by the Court in accordance with relevant regulations and the risk that the Company's domestic shares may cease to be listed on the Delisting Board* (退市板塊) accordingly.

The Company will continue to pay close attention to the progress of the matters and promptly perform its information disclosure obligations.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, following the designation of the administrator for the Company's bankruptcy liquidation, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited has been suspended with effect from 9:00 a.m. on 7 February 2023, and will remain suspended until further notice. The Company will publish further announcement(s) to inform the shareholders and potential investors of any material developments in connection with the suspension of trading as and when appropriate.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

Administrator of Xinjiang La Chapelle Fashion Co., Ltd.

Shanghai, the People's Republic of China
30 August 2023

As of the date of this announcement, the executive directors of the Company are Mr. Zhao Jinwen, Ms. Zhang Ying and Mr. Zhu Fengwei, the non-executive director of the Company is Ms. Wang Yan, the independent non-executive directors of the Company are Mr. Xing Jiangze, Ms. Chow Yue Hwa Jade and Ms. Yang Linyan.

* For identification purpose only.