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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 REORGANISATION)

*(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 UPDATE ON NEW ACCUMULATED LITIGATION AND ASSET FREEZES AND ACCUMULATED LITIGATION INVOLVING THE COMPANY AND ITS SUBSIDIARIES

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) 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 announcements of the Company dated 9 December 2020, 25 January 2021, 5 March 2021, 29 April 2021, 4 August 2021, 9 August 2021, 27 August 2021, 29 September 2021, 28 October 2021, 29 November 2021, 29 December 2021, 27 January 2022, 1 March 2022, 1 April 2022, 29 April 2022, 2 June 2022, 5 July 2022, 1 August 2022, 1 September 2022, 10 October 2022, 1 November 2022, 1 December 2022, 3 January 2023 and 1 February 2023 and the announcements of the administrator of the Company dated 1 March 2023, 3 April 2023, 4 May 2023, 1 June 2023, 3 July 2023, 1 August 2023, 1 September 2023 and 9 October 2023 in relation to asset freezes and accumulated litigation involving the Group, the announcement of the Company dated 28 December 2022 in relation to the judicial auction of a wholly-owned subsidiary’s assets and the announcement of the administrator of the Company dated 17 February 2023 in relation to the update on the judicial auction of the assets of a wholly-owned subsidiary, the announcement of the Company dated 2 February 2023 in relation to the judicial auction of the assets of a wholly-owned subsidiary, the announcement of the Company dated 31 August 2022, 16 December 2022, 16 January 2023 and 17 January 2023 and the announcement of the administrator of the Company dated 16 May 2023 in relation to litigation involving the Company and its subsidiary, the announcement of the administrator of the Company dated 1 March 2023 in relation to litigation involving the company and its wholly-owned subsidiaries, 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 bankruptcy liquidation of the Company and the announcement of the Company dated 7 February 2023 in

relation to the designation of administrator of bankruptcy liquidation of the Company by the court and suspension of trading, the announcement of the Company dated 12 October 2022 in relation to petition for bankruptcy liquidation of a wholly-owned subsidiary by its creditor and the update announcements of the administrator of the Company dated 8 February 2023 and 9 February 2023 in relation to petition for liquidation of a wholly-owned subsidiary by its creditor, and the announcement of the administrator of the Company dated 16 June 2023 in relation to the judicial auction of the assets of a wholly-owned subsidiary, the update announcement of the administrator of the Company dated 18 July 2023 in relation to the judicial auction of the assets of a wholly-owned subsidiary, the announcement of the administrator of the Company dated 21 July 2023 in relation to the second judicial auction of the assets of a wholly-owned subsidiary and the update announcement of the administrator of the Company dated 8 August 2023 in relation to the second judicial auction of the assets of a wholly-owned subsidiary, and the overseas regulatory announcements of the administrator of the Company dated 6 July 2023, 31 July 2023, and 8 August 2023 (the “**Announcements**”). Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

I. NEW ACCUMULATED LITIGATION

1. SUMMARY

In accordance with the relevant provisions of the Measures for the Information Disclosure of STAQ and NET Companies and Delisted Companies in the National Equities Exchange and Quotations*(《全國中小企業股份轉讓系統兩網公司及退市公司信息披露辦法》), the Company has conducted a statistical analysis on the cumulative increase in new litigation cases of the Group from 1 October 2023 to 31 October 2023. The Group has accumulated 2 lawsuits with a total claimed amount of approximately RMB0.65 million. A summary of the cases is as follows:

No.	Subject party	Standing (Plaintiff/Defendant)	Name of counterparty(ies)	Subject of the case	Amount involved in the litigation (Unit: RMB)	Stage of progress
1	The Company	Plaintiff	Shanghai Haoqing International Trade Co., Ltd.* (上海浩擎國際貿易有限公司)	Dispute over rental agreement	60,553.50	Mediation has been conducted on the case
2	Shanghai Geraopu Fashion Co., Ltd.* (上海格饒普服飾有限公司)	Plaintiff	Shaanxi Qiaozhihe Trading Co., Ltd.* (陝西喬之禾商貿有限公司)	Dispute over brand franchise agreement	586,625.89	The case has been withdrawn
Total (RMB)					647,179.39	

For details, please refer to appendix 1 to the overseas regulatory announcement of the administrator of the Company dated 1 November 2023.

II. PROGRESS OF ACCUMULATED LITIGATION AND ASSET FREEZES

(I) PROGRESS OF ACCUMULATED LITIGATION

From 1 October 2023 to 31 October 2023, among the accumulated litigation cases disclosed, a total of 4 litigation cases have been adjudicated by the court for the first instance, settled or withdrawn, involving amount of RMB1.26 million. For details, please refer to appendix 2 to the overseas regulatory announcement of the administrator of the Company dated 1 November 2023.

As at 31 October 2023, there are still 13 litigation cases in total that have not been adjudicated or settled (including the new accumulated litigations that have not been adjudicated contained herein, including 7 lawsuits in which the Group is the plaintiff and 6 lawsuits in which the Group is the defendant), involving an aggregate amount of approximately RMB52.00 million (including material litigation cases that have been disclosed; an amount of RMB10.16 million involves the Group as the plaintiff and an aggregate amount of RMB41.84 million involves the Group as the defendant). The statistical details are as follows:

Currency: RMB'0000

Subject of the case	No. of cases	Aggregate amount involved
Dispute over construction agreement	1	3,239
Dispute over verification of claims during bankruptcy procedures	3	930
Dispute over brand franchise agreement	4	696
Dispute over brand licensing agreement	3	295
Dispute over rental agreement	1	33
Dispute over joint operation contract	1	8
Total	13	5,200

For details, please refer to appendix 3 to the overseas regulatory announcement of the administrator of the Company dated 1 November 2023.

(II) FREEZING OF ASSETS

As a result of the Group's involvement in litigation and arbitration cases, some of the Group's bank accounts and equity interest in its subsidiaries have been frozen, and certain real properties of the Group have been seized. The update information is as follows:

1. Freezing of Bank Accounts

As at 31 October 2023, an aggregate of 92 bank accounts of the Group have been frozen, involving an aggregate frozen amount of approximately RMB8.71 million. The details are as follows:

Type of account	Number of frozen accounts	Frozen amount (RMB)
General account	83	7,240,872.41
Basic account (including those of the Company's subsidiaries)	7	1,469,715.74
Fund-raising specialised account	2	239.81
Total	92	8,710,827.96

Note: previously, RMB440,840.10 was forcibly deducted from the specialised account dedicated to the Company's A-share fund-raising, leaving an actual balance of RMB239.42 available in the account. RMB2,414.92 was transferred by the administrator of the Company from the specialised account dedicated to the Company's H-share fund-raising to the account of the administrator of the Company, leaving an actual balance of RMB0.27 available in the account.

For details, please refer to appendix 4 to the overseas regulatory announcement of the administrator of the Company dated 1 November 2023.

The bank accounts above have been frozen as a result of steps taken by the plaintiffs to preserve assets for the purpose of enforcement, and there exists the possibility that compulsory transfer will be ordered by the relevant courts. The Company will proactively communicate with the relevant courts and plaintiffs so that the bank accounts can be unfrozen as soon as possible.

2. Freezing of the Company's Equity Interest in its Subsidiaries

As at 31 October 2023, as a result of factors such as the Group's involvement in litigation cases, the Company's equity interest in 10 of its subsidiaries have been frozen, involving an aggregate frozen amount of approximately RMB158 million.

For details, please refer to appendix 5 to the overseas regulatory announcement of the administrator of the Company dated 1 November 2023.

The freezing of the Company's equity interest mentioned above has not substantially affected the normal operation and production of the Company and its subsidiaries. However, there is a risk that the equity interest may be judicially disposed of. The Company will proactively communicate with the relevant courts and creditors in order to properly resolve the freezing of the equity interest and maintain the stability of the Company's production and operation.

3. Seizure of Real Estate

As at 31 October 2023, as a result of the Company's involvement in a total of 13 litigation cases arising from disputes such as disputes over financial loan agreements and construction agreements, 1 real property of the Company (with an aggregate book value of approximately RMB217 million as at 30 September 2023) have been seized. The details are as follows:

No.	Relevant case no.	Reason for restrictions	Execution/preservation amount (RMB'0000)	Restriction method	Seized	Location of the real estate	Book value as at 30 September 2023 (RMB'0000)	The court imposing the restriction
1	(2020) Hu 0104 Min Chu No. 30478* ((2020) 滬0104民初30478號)	Pre-litigation preservation	4,049	Seizure	Jin (2018) Xiqing District Real Estates Right No.1016982* (津(2018)西青區不動產權第1016982號)	No. 24, Xinghua West Branch Road, Dasi Town, Xiqing District, Tianjin* (天津市西青區大寺鎮興華西支路24號)	21,766	People's Court of Xuhui District, Shanghai* (上海市徐匯區人民法院)
2	(2020) Hu 74 Min Chu No. 3705* ((2020) 滬74民初3705號)	Pre-litigation preservation	7,107	Alternate seizure				Shanghai Financial Court* (上海金融法院)
3	(2020) Hu 74 Min Chu No. 3706* ((2020) 滬74民初3706號)	Pre-litigation preservation	8,935					Shanghai Financial Court* (上海金融法院)
4	(2021) Hu 0115 Min Chu 9884* ((2021) 滬0115民初9884號)	Pre-litigation preservation	2,312					People's Court of Pudong New District, Shanghai* (上海市浦東新區人民法院)
5	(2021) Hu 0115 Min Chu No. 9889* ((2021) 滬0115民初9889號)	Pre-litigation preservation	2,864					People's Court of Pudong New District, Shanghai* (上海市浦東新區人民法院)
6	(2021) Hu 0115 Min Chu No. 9890* ((2021) 滬0115民初9890號)	Pre-litigation preservation	3,566					People's Court of Pudong New District, Shanghai* (上海市浦東新區人民法院)

No.	Relevant case no.	Reason for restrictions	Execution/preservation amount (RMB'0000)	Restriction method	Seized	Location of the real estate	Book value as at 30 September 2023 (RMB'0000)	The court imposing the restriction
7	(2023) Jin 0111 Zhi No. 1087* ((2023) 津0111執1087號)	Unknown	303					People's Court of Xiqing District, Tianjin* (天津市西青區人民法院)
8	(2021) Jin 0101 Zhi No. 3271* ((2021) 津0101執3271號)	Unknown	Unknown					People's Court of Hepin District, Tianjin* (天津市和平區人民法院)
9	((2021) Jin 0111 Zhi No. 6279* ((2021) 津0111執6279號)	Unknown	Unknown					People's Court of Xiqing District, Tianjin* (天津市西青區人民法院)
10	(2022) Jin 0111 Zhi No. 3380* ((2022) 津0111執3380號)	Unknown	Unknown					People's Court of Xiqing District, Tianjin* (天津市西青區人民法院)
11	(2022) Jin 01 Zhi No. 3* ((2022) 津01執3號)	Unknown	Unknown					Tianjing No. 1 Intermediate People's Court* (天津市第一中級人民法院)
12	One of (2023) Jin 0111 Min Chu No. 5345* ((2023) 津0111民初5345號之一)	Unknown	Unknown					People's Court of Xiqing District, Tianjin* (天津市西青區人民法院)
13	(2023) Jin 0111 Zhi No. 2459* ((2023) 津0111執2459號)	Unknown	Unknown					People's Court of Xiqing District, Tianjin* (天津市西青區人民法院)
Total book value (RMB'0000)							21,766	

Note: The industrial land and attachments (real estate title certificate no: Wen Guo Yong (2015) Zi No.68859*(溫國用(2015)字第66859號), which has been seized by the court) on the land located at No. 355, Section 3, Wenquan Avenue, Jinma Town, Wenjiang District, Chengdu, Sichuan Province, the PRC* (中國四川省成都市溫江區金馬鎮溫泉大道三段355號) held by Chengdu Lewei, a wholly-owned subsidiary of the Company, were put up for judicial auction for the first time through the online platform of Taobao.com. No bids had been placed, so the auction has failed to find any buyers. The above-mentioned assets were put up for judicial auction for the second time through the online platform of Taobao.com from 7 August 2023 to 8 August 2023. This judicial auction has already produced bidding results. The bidder has paid the remaining amount of the transaction price to the court. As at the date of this announcement, the Company has yet to receive a ruling from the court regarding the auction.

The abovementioned real estate seizures have been subject to rights restrictions, and there is a risk that such real properties may be judicially auctioned to repay debts. The Company will proactively coordinate with the relevant parties, properly handle the seizures, and actively negotiate with the applicants for such seizures so that the rights restrictions can be lifted and the real properties involved can resume to normal conditions as soon as possible.

As the courts accepted the petitions from creditors for the winding-up of Shanghai Weile Fashion Co., Ltd.* (上海微樂服飾有限公司) (“**Shanghai Weile**”), a former wholly-owned subsidiary of the Company and Candie’s Shanghai Fashion Co., Ltd. * (上海樂歐服飾有限公司) (“**Candie’s Shanghai**”), a former subsidiary of the Company, respectively in July 2022 and appointed judicial administrators. In July 2022, the court accepted application from creditors of La Chapelle Fashion (Taicang) Co., Ltd.* (拉夏貝爾服飾(太倉)有限公司) (“**La Chapelle Taicang**”), a former wholly-owned subsidiary of the Company, for its reorganization and pre-reorganization, and appointed a provisional administrator. In February 2023, the court ordered reorganization of La Chapelle Taicang and designated administrator. In February 2023, the court accepted the liquidation application against Nuoxing (Shanghai) Clothing Co., Ltd.* (諾杏(上海)服飾有限公司) (“**Shanghai Nuoxing**”), a former wholly-owned subsidiary of the Company, and designated administrator. In July 2023, the court accepted the liquidation application against Shanghai La Chapelle Xiuxian Fashion Co., Ltd * (上海拉夏貝爾休閒服飾有限公司) (“**La Chapelle Xiuxian**”), a former wholly-owned subsidiary of the Company, and designated administrator. Therefore, the data of the abovementioned freezing of bank accounts, seizure of real estate, and freezing and seizure of the Company’s equity interest in its subsidiaries exclude those of Shanghai Weile, Candie’s Shanghai, Shanghai Nuoxing, La Chapelle Taicang and La Chapelle Xiuxian. The final impact of the liquidation of Shanghai Weile, Candie’s Shanghai, Shanghai Nuoxing and La Chapelle Xiuxian, and the reorganization of La Chapelle Taicang on the results of the Company in the current or subsequent periods will be subject to results of the winding-up, the reorganization, and the annual audited financial results of the Company.

III. RELEVANT RISK WARNINGS

1. The abovementioned accumulated litigation and asset freezes have affected the cash flow and the business operation of the Company to some extent. Before the accumulated litigation and the asset freezes are resolved, it cannot be guaranteed that subsequent freezing of the Company's other assets may not occur. The relatively high cumulative amounts claimed in litigations involving the Company may result in a decrease in the Company's ability to raise capital and may exacerbate the Company's financial strain. In addition, the Company and its subsidiaries may be required to pay liquidated damages, penalty interests as well as litigation expenses, which could result in an increase in the financial and administrative expenses of the Company. The final amounts will be subject to the respective judgments of the courts and their impact will be determined and disclosed in the annual audited financial results of the Company.
2. The Company will pay close attention to the progress of the accumulated litigation and asset freezes and promptly perform its information disclosure obligations in accordance with the relevant laws and regulations.

IV. CONTINUED SUSPENSION OF TRADING

At the request of the Company, following the designation of the administrator for the Company, 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

1 November 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.*