China Partytime Culture Holdings Limited
中國派對文化控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1532)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

	Notes	**2015** ***RMB'000***	2014 *RMB'000*	% change
Revenue		**569,605**	397,923	43.1%
Gross Profit		**165,443**	110,782	49.3%
Profit for the year attributable to the equity holders of the Company		**66,716**	58,580	13.9%
Adjusted Profit for the year attributable to the equity holders of the Company	*a*	**82,216**	58,580	40.3%
Gross Profit Margin		**29.0%**	27.8%	1.2%
Net Profit Margin		**11.7%**	14.7%	(3.0%)
Adjusted Net Profit Margin	*b*	**14.4%**	14.7%	(0.3%)

Notes

a. Adjusted profit for the year attributable to the equity holders of the Company means profit for the year attributable to the equity holders of the Company excluding the listing expenses of approximately RMB15,500,000.

b. Adjusted net profit margin is calculated as adjusted profit for the year attributable to the equity holders of the Company divided by revenue.

The board of directors (the "**Board**") of China Partytime Culture Holdings Limited 中國派對文化控股有限公司 (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2015, together with the comparative figures for the year ended 31 December 2014, are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPRENENSIVE INCOME

	Notes	**2015** *RMB'000*	2014 *RMB'000*
Revenue	3	**569,605**	397,923
Costs of sales		**(404,162)**	(287,141)
Gross profit		**165,443**	110,782
Other income	4	**6,902**	1,121
Selling expenses		**(16,782)**	(11,605)
Administrative and other operating expenses		**(54,988)**	(19,961)
Profit from operations		**100,575**	80,337
Finance costs	5	**(2,196)**	(2,067)
Profit before income tax	6	**98,379**	78,270
Income tax expense	7	**(28,787)**	(19,690)
Profit for the year		**69,592**	58,580
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operation recognised		**1,017**	–
Other comprehensive income for the year, net of nil tax		**1,017**	–
Total comprehensive income for the year		**70,609**	58,580

	Notes	**2015** **RMB'000**	2014 RMB'000
Profit for the year attributable to:			
Equity holders of the Company		**66,716**	58,580
Non-controlling interests		**2,876**	–
		69,592	58,580
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**67,733**	58,580
Non-controlling interests		**2,876**	–
		70,609	58,580
Earnings per share for profit attributable to equity holders of the Company			
Basic and diluted	*8*	**RMB11.06 cents**	RMB10.41 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2015 *RMB'000*	2014 *RMB'000*
ASSETS AND LIABILITIES			
Non-current assets			
Trademark		**438**	–
Prepaid land lease payments		**12,976**	13,269
Property, plant and equipment		**218,241**	130,391
		231,655	143,660
Current assets			
Inventories		**26,715**	24,039
Trade and other receivables	*10*	**61,830**	24,256
Prepaid land lease payments		**293**	293
Bank balances and cash		**108,274**	44,808
		197,112	93,396
Current liabilities			
Trade and other payables	*11*	**42,889**	15,888
Short term borrowings		**11,000**	64,677
Income tax payable		**6,085**	3,761
		59,974	84,326
Net current assets		**137,138**	9,070
Net assets/Total assets less current liabilities		**368,793**	152,730
Capital and reserves			
Share capital		**6,209**	–
Reserves		**362,584**	137,457
Equity attributable to equity holders of the Company		**368,793**	137,457
Non-controlling interests		**–**	15,273
Total equity		**368,793**	152,730

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 31 December 2015 and 2014 which include the results, changes in equity and cash flows of the companies comprising the Group have been prepared using the principles of merger accounting under Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the years ended 31 December 2015 and 2014, or since their respective dates of incorporation/establishment, where it is a shorter period.

The consolidated statements of financial position as at 31 December 2014 has been prepared to present the assets and liabilities of the companies comprising the Group as if the current group structure had been in existence at those date.

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**").

The amendment to the Listing Rules relating to financial information with reference to Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance came into effect for the first time during the current financial year and the main impact is on the presentation and disclosure of certain information in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost. The consolidated financial statements is presented in Renminbi ("**RMB**"), and all values are rounded to the nearest thousands ("**RMB'000**"), except when otherwise indicated.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant are disclosed in note to the consolidated financial statements.

2. Adoption of new and amended HKFRSs

Amended HKFRSs that are effective for annual periods beginning or after 1 January 2015

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2015:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The impact of the adoption of the new and amended HKFRSs is discussed below:

Annual Improvements to HKFRSs 2010-2012 and 2011-2013 Cycles

The amendments contained in these two cycles of annual improvements set out amendments to a number of HKFRSs. Other than those that are relevant to the Group, the adoption of these amendments has no material impact on the Group's consolidated financial results or positions.

Amendments to HKAS 24 "Related Party Disclosures" amends the definition of a 'related party' to include 'management entities' that provide key management personnel services to the reporting entity, requires the disclosure of the amounts recognised as a service fee to a separate management entity for the provision of the key management personnel services and provides a relief so that disclosure of components of the compensation to key management personnel where is paid via a management entity is not required. The amendments do not have any impact on the Group's related party disclosures.

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been early adopted by the Group.

The directors are currently assessing the possible impact of the amendment on the Group's results and financial position in the first year of application.

Information on these new pronouncements that are expected to be relevant to the Group's consolidated financial statements is provided below.

HKFRS 9 (2014) "Financial instruments"

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 and will replace HKAS 39 in its entirety. The new standard introduces changes to HKAS 39's guidance on the classification and measurement of financial assets. Under HKFRS 9, each financial asset is classified into one of three main classification categories: amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). The classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. An entity may make an irrevocable election at initial recognition to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

Most of the HKAS 39's requirements for financial liabilities were carried forward unchanged to HKFRS 9. The requirements related to the fair value option for financial liabilities have however been changed to address own credit risk. Where an entity chooses to measure its own debt at fair value, HKFRS 9 requires the amount of the change in fair value due to changes in the entity's own credit risk to be presented in other comprehensive income, unless effect of changes in the liability's credit risk would create or enlarge an accounting mismatch in profit or loss, in which case, all gains or losses on that liability are to be presented in profit or loss.

HKFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, entities are required to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

HKFRS 9 also provides new guidance on the application of hedge accounting. The new hedge accounting models retain the three types of hedge accounting and the requirements of formal designation and documentation of hedge accounting relationships. The new hedge accounting requirements look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assessing hedge effectiveness.

The directors are currently assessing the possible impact of HKFRS 9 on the Group's results and financial position in the first year of application.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 presents new requirements for the recognition of revenue, replacing HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing HKFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The directors have started to assess the impact of HKFRS 15 but are not yet in a position to provide quantified information.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. Segment information

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the most senior executive management for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the most senior executive management are determined following the Group's major product lines.

The Executive Directors of the Company, being the chief operating decision maker, have identified the following reportable segments:

(a) Wigs; and

(b) Clothing and others (including cosplay costumes, sexy lingerie and others)

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

Segment results represented operating results of each reportable segment without allocation of finance costs, interest income, unallocated other operating income, unallocated corporate expenses, and income tax expense. All assets are allocated to reportable segments other than cash and cash equivalents and other corporate assets which are not directly attributable to the business activities of any reportable segments. All liabilities are allocated to reportable segments other than corporate liabilities which are not directly attributable to the business activities of any reportable segments.

The following is an analysis of the Group's revenue and results by operating and reportable segments:

	Year ended 31 December 2015		
	Wigs	**Clothing and others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Revenue from external customers	**231,456**	**338,149**	**569,605**
Segment results	**56,399**	**92,304**	**148,703**
Finance costs			**(2,196)**
Bank interest income			**272**
Loss on disposal of property, plant and equipment			**(106)**
Unallocated income			**6,630**
Unallocated expenses			**(54,924)**
Profit before income tax			**98,379**
Income tax expense			**(28,787)**
Profit for the year			**69,592**
Other segment items			
Depreciation and amortisation	**3,614**	**2,945**	**6,559**
Capital expenditure	**3,387**	**91,299**	**94,686**

	Year ended 31 December 2014		
	Wigs	Clothing and others	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue from external customers	179,755	218,168	397,923
Segment results	44,854	54,549	99,403
Finance costs			(2,067)
Bank interest income			241
Loss on disposal of property, plant and equipment			(505)
Unallocated income			880
Unallocated expenses			(19,682)
Profit before income tax			78,270
Income tax expense			(19,690)
Profit for the year			58,580
Other segment items			
Depreciation and amortisation	1,496	1,399	2,895
Capital expenditure	14,712	84,939	99,651

	As at 31 December 2015			
	Wigs	**Clothing and others**	**Unallocated**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Reportable segment assets	**196,724**	**108,441**	**123,602**	**428,767**
Reportable segment liabilities	**19,180**	**20,554**	**20,240**	**59,974**

	As at 31 December 2014			
	Wigs	Clothing and others	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment assets	87,127	97,290	52,639	237,056
Reportable segment liabilities	4,486	10,509	69,331	84,326

Geographical information

Information about the Group's revenue by geographical locations presented based on the area or country in which the external customer is operated.

	2015	2014
	RMB'000	*RMB'000*
PRC (place of domicile)	**15,103**	6,404
United States	**259,672**	154,895
Germany	**38,801**	41,900
United Kingdom	**49,445**	35,183
Australia	**38,718**	31,340
Holland	**37,605**	26,475
Japan	**23,613**	16,278
Brazil	**22,502**	14,603
Israel	**20,908**	13,199
France	**8,809**	5,510
Other	**54,429**	52,136
	554,502	391,519
	569,605	397,923

The Group's non-current assets are substantially located in the PRC.

Information about major customers

No customers contribute over 10% of revenue to the Group during the year ended 31 December 2015 (2014: Nil).

4. Other income

	2015	2014
	RMB'000	*RMB'000*
Exchange gain	**6,422**	279
Interest income	**272**	241
Others	**208**	601
	6,902	1,121

5. Finance costs

	2015	2014
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**2,196**	2,067

6. Profit before income tax

Profit before income tax is arrived at after charging/(crediting):

	2015	2014
	RMB'000	*RMB'000*
Auditors' remuneration	**771**	35
Cost of inventories recognised as an expense	**289,340**	197,921
Depreciation	**6,204**	2,602
Amortisation of prepaid land lease payments	**293**	293
Amortisation of trademark	**62**	–
Loss on disposal of property, plant and equipment	**106**	505
Operating lease charges in respect of land and buildings	**168**	2,146
Exchange gain	**(6,422)**	(279)
Gain on disposal of a subsidiary	**–**	(377)
Research and development cost	**19,403**	8,587
Listing expenses (included in administrative and other operating expenses)	**15,469**	–
Staff costs:		
Salaries, allowances and other benefits	**86,430**	69,968
Contributions to defined contribution retirement plans	**12,211**	8,959
Share-based payments	**–**	74
	98,641	79,001

7. Income tax expense

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year ended 31 December 2015 (2014: nil).

The provision for PRC enterprise income tax has been provided at the applicable tax rate of 25% (2014: 25%) on the assessable profits of the PRC subsidiaries.

	2015	2014
	RMB'000	*RMB'000*
Current tax – PRC enterprise income tax		
Current year	**28,936**	19,690
Overprovision in prior year	**(149)**	–
	28,787	19,690

8. Earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to equity holders of the Company of RMB66,716,000 (2014: RMB58,580,000) and the weighted average 603,045,000 ordinary shares (2014: 562,500,000) in issue during the year ended 31 December 2015, as if the Reorganisation and capitalisation issue had been effective since 1 January 2014.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 December 2015 includes (i) an ordinary share of the Company issued upon incorporation and additional 9,999 new ordinary shares issued on date of incorporation which became 78,000 ordinary shares after reconverting the denomination into Hong Kong Dollar (HK$); and (ii) the 562,422,000 new ordinary shares issued pursuant to the capitalisation issue, as if all these shares had been in issue throughout the year ended 31 December 2015, and (iii) 40,545,000 shares, respectively the weighted average of 187,500,000 new ordinary shares issued pursuant to the initial public offering and 6,234,000 new ordinary share issued pursuant to the over-allotment exercised.

The number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 December 2014 was based on 562,500,000 ordinary shares, representing the number of ordinary shares of the Company immediately after the capitalisation issue, as if all these shares had been in issue throughout the year ended 31 December 2014.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2014 and 2015 as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2014 and 2015.

9. Dividends

No dividend was paid or proposed during 2015, nor has any dividend been proposed since the end of reporting period (2014: nil).

10. Trade and other receivables

	2015	2014
	RMB'000	*RMB'000*
Trade receivables		
– from third parties	**46,425**	14,416
Deposits, prepayments and other receivables		
Prepayments	**2,492**	574
Prepayments for construction materials	**–**	1,643
Prepaid rental	**–**	218
Other tax receivables	**8,645**	4,753
Deposits	**134**	1,980
Other receivables	**4,134**	672
	15,405	9,840
	61,830	24,256

The Directors of the Group consider that the fair values of trade and other receivables are not materially different from their carrying amounts because these balances have short maturity periods on their inception. The Group usually requires advance deposits from its customers. Before accepting any new customer, the Group applied an internal credit assessment policy to assess the potential customer's credit quality. The credit period is generally for a period of 30 days. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables, based on the invoice date and net of impairment, is as follows:

	2015	2014
	RMB'000	*RMB'000*
0-30 days	**43,784**	12,834
31-60 days	**2,551**	1,582
61-90 days	**–**	–
91-365 days	**90**	–
	46,425	14,416

As at 31 December 2015, no trade receivables were individually determined to be impaired (2014: nil).

The ageing analysis of trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2015	2014
	RMB'000	*RMB'000*
Neither past due nor impaired	**43,784**	12,834
1-30 days past due	**2,551**	1,582
31-60 days past due	**–**	–
61-90 days past due	**90**	–
	46,425	14,416

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

11. Trade and other payables

	2015	2014
	RMB'000	*RMB'000*
Trade and bills payables		
– to third parties	**31,396**	7,187
Accrued charges and other payables		
– Deposits from customers	**170**	1,870
– Salaries payables	**8,168**	5,938
– Other tax payables	**433**	513
– Other payables	**2,722**	380
	11,493	8,701
	42,889	15,888

The Group was granted by its suppliers credit periods ranging from 15 to 60 days. An aged analysis of the trade payables, based on the invoice date, is as follows:

	2015	2014
	RMB'000	*RMB'000*
0-30 days	**26,749**	7,187
31-60 days	**4,607**	–
61-90 days	**–**	–
91-180 days	**40**	–
	31,396	7,187

All amounts are short term and hence the carrying values of trade and other payables are considered to be a reasonable approximation of their fair value.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in design, develop, produce, sell and market cosplay products (including cosplay costumes and cosplay wigs) and non-cosplay apparels including mainly sexy lingerie. Our products are principally for export sales to more than 30 countries and regions around the globe including mainly the US, Germany, the UK and Australia.

Our business can be classified into two major categories, namely Contract Manufacturing Service ("**CMS**") business and Original Brand Manufacturing ("**OBM**") business.

	2015		2014		Increase (decrease) of revenue
	Revenue	**% of total**	Revenue	% of total	(approximate
	RMB'000		*RMB'000*		%)
CMS business	**433,344**	**76.1%**	324,588	81.6%	33.5%
OBM business	**136,261**	**23.9%**	73,335	18.4%	85.8%
Total	**569,605**	**100.0%**	397,923	100.0%	43.1%

Revenue by operating and reportable segments

	2015		2014		Increase (decrease) of revenue
	Revenue *RMB'000*	**% of total**	Revenue *RMB'000*	% of total	(approximate %)
Wigs	**231,456**	**40.6%**	179,755	45.2%	28.8%
Clothing and others	**338,149**	**59.4%**	218,168	54.8%	55.0%
Total	**569,605**	**100.0%**	397,923	100.0%	43.1%

With our high quality products and services and comprehensive service platform which offers solutions across various stages of product development to our CMS customers, revenue from CMS business had increased from approximately RMB324.6 million to approximately RMB433.3 million.

There is a growing recognition by our OBM customers in our cosplay costumes, cosplay wigs and sexy lingerie under our own brands of "*Styler*", "*Party Time*" and "*Secret Temptations*" respectively, together with the commencement of direct sales channels by the "*WithCity*" e-shops in the PRC, revenue from OBM business had increased from approximately RMB73.3 million to approximately RMB136.3 million.

Profit attributable to the equity holders of the Company for the year ended 31 December 2015 before taking into account of the listing expenses relating to the share offer of approximately RMB15.5 million, amounted to approximately RMB82.2 million. After taking into account the aforesaid listing expenses, the Group's profit attributable to equity holders for the year ended 31 December 2015 was approximately RMB66.7 million.

FINANCIAL REVIEW

Revenue and gross profit

	2015		2014		
		Gross Profit		Gross Profit	Revenue %
	Revenue	**margin**	Revenue	margin	change
	RMB'000	***%***	*RMB'000*	*%*	
CMS business					
Cosplay costumes	**212,139**	**27.9**	139,992	27.8	51.5%
Cosplay wigs	**178,594**	**27.7**	151,748	27.4	17.7%
Sexy lingerie	**39,586**	**28.9**	32,742	28.4	21.0%
Others	**3,025**	**24.1**	106	19.8	2,753.8%
	433,344	**27.9**	324,588	27.7	33.5%
OBM business					
Cosplay costumes	**67,497**	**38.2**	41,136	29.1	64.1%
Cosplay wigs	**52,862**	**26.8**	28,007	27.5	88.7%
Sexy lingerie	**15,501**	**29.8**	4,192	28.1	269.8%
Others	**401**	**23.7**	–	–	100.0%
	136,261	**32.8**	73,335	28.4	85.8%
Total	**569,605**	**29.0**	397,923	27.8	43.1%

Revenue

During the year ended 31 December 2015, our revenue was mainly derived from our CMS business, representing approximately 76.1% (2014: 81.6%) of total revenue. Our revenue derived from CMS business increased from approximately RMB324.6 million to approximately RMB433.3 million, representing an increase of approximately 33.5%. Such increase was mainly attributable to the significantly increase in orders from our existing customers.

The revenue derived from our OBM business increased from approximately RMB73.3 million to approximately RMB136.3 million, representing an increase of approximately 85.8%. Such increase was mainly attributable to the increase in the revenue from the OBM cosplay costumes and OBM cosplay wigs, resulting from (i) the continuous implementation of our strategy in expanding our OBM products under our own brand; and (ii) the commencement of direct sales channels by the "*WithCity*" e-shops in the PRC since late 2014 with higher unit selling price of our OBM products.

Gross profit margin

Our gross profit margin increased from approximately 27.8% to approximately 29.0%. Our ability to maintain a stable gross profit margin during the year was mainly attributable to (i) the continuous reinforcement of our pricing strategy on a cost plus basis which enabled us to maintain a high gross profit margin; (ii) economies of scale achieved by our increased scale of production with increasing orders from our customers; and (iii) our more favorable position to bargain for better price of raw materials from our suppliers as a result of increased purchasing power.

During the year ended 31 December 2015, our OBM products generally had higher gross profit margins than our CMS products.

Cost of sales

Our cost of sales mainly comprised raw material cost, direct labor cost and manufacturing overhead. Manufacturing overhead includes subcontracting payments, utilities and social insurance for our production staff and other miscellaneous items.

Other income

Our other income increased by approximately RMB5.8 million, from approximately RMB1.1 million to approximately RMB6.9 million. The increase was primarily due to an increase in exchange gain of approximately RMB6.1 million.

Selling expenses

Our selling expenses increased by approximately RMB5.2 million, from approximately RMB11.6 million to approximately RMB16.8 million. The increase was primarily due to an increase in transportation expense of approximately RMB3.6 million resulting from our increased export sales to overseas.

Administrative and other operating expenses

Our administrative and other operating expenses increased by approximately RMB35.0 million, from approximately RMB20.0 million to approximately RMB55.0 million. The increase was primarily due to (i) an increase in salaries and welfare expense of approximately RMB7.9 million as a result of increase in the average number of administration and management staff; (ii) an increase in research and development cost of approximately RMB10.8 million; and (iii) listing expense of approximately RMB15.5 million incurred in 2015.

Finance costs

Our finance costs increased by approximately RMB0.1 million, from approximately RMB2.1 million to approximately RMB2.2 million. The increase was primarily due to a larger amount of short term borrowings raised in late 2014.

Income tax

Our income tax expense increased by approximately RMB9.1 million, from approximately RMB19.7 million to approximately RMB28.8 million. Our effective tax rate increased from 25.2% to 29.3% was primarily due to the listing expenses incurred during the year were not tax deductible.

Financial resources and liquidity

As at 31 December 2015, the total amount of bank balances and cash of the Group was approximately RMB108.3 million, an increase of approximately RMB63.5 million compared with that as at 31 December 2014. The increase was mainly arising from the net proceeds from issuance of shares of the Company of approximately RMB130.0 million.

As at 31 December 2015, current ratio and gearing ratio was 328.7% and 3.0% respectively, represented an increase/decrease of 217.9% and 39.3% compared with corresponding year. The increase/decrease was mainly arising from the net proceeds from issuance of shares of the Company of approximately RMB130.0 million and repayment of borrowings of approximately RMB64.7 million.

Capital expenditure

During the year ended 31 December 2015, the Group invested approximately RMB94.2 million in property, plant and equipment, mainly represented construction of the our Yiwu Production Plant.

Pledged of assets

As at 31 December 2015, the bank loans were secured by the Group's prepaid land lease payments and buildings with carrying value of approximately RMB11.8 million and RMB10.1 million respectively.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 December 2015.

Foreign currency exposure

Our exposures to currency risk arise from its sales to and purchases from overseas, which are primarily denominated in United State Dollars and Hong Kong Dollars. These are not the functional currencies of our entities to which these transactions relate. We currently do not have a group foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Human resources

As of 31 December 2015, we had approximately total 1,808 employees. Total staff costs for the year amounted to approximately RMB98.6 million.

Remuneration policy

The remuneration policy of the employees (including key management) of the Group was established by the management of the Group on the basis of their merit, qualifications and competence. The Remuneration Committee will review and approve the remuneration policy to be recommended to the Board for approval.

The remuneration of the Directors of the Company are reviewed and recommended by the Remuneration Committee to the Board for approval, having regard to the Company's operating results, individual performance and comparable market statistics. No Director, or any of his associates and executives, is involved in dealing with his own remuneration.

We have adopted share option scheme to recognise and reward the contribution of our employees, provide incentives to retain them to support our continued growth and to attract suitable personnel for further development. We regularly review remuneration and benefits of our employees according to the relevant market practice, employee performance and the financial performance of the Company.

USE OF PROCEED FROM THE COMPANY'S SHARE OFFER

The net proceeds from the Company's issue of 187,500,000 new shares in connection with its listing on the Stock Exchange on 16 October 2015 (the "**Listing Date**") and over-allotment option of 6,234,000 new shares on 4 November 2015, after deduction of related expenses, amounted to approximately HK$158.7 million (equivalent to approximately RMB130.0 million), which are intended to be applied in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 September 2015 ("**Prospectus**"). During the period between the Listing Date and 31 December 2015, HK$29.3 million (equivalent to approximately RMB24.0 million) of the net proceeds from the listing were utilized in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Use of proceeds	**Net proceeds** *HK$ million*	**Proceed used** *HK$ million*	**% of utilised**
For construction two new factory buildings at our Yichun Production Plant	63.5	5.5	8.7%
For set up a research and development centre at our Yiwu Production Plant	31.7	9.5	30%
For set up an e-commerce operation centre and a service and experience centre at our Yiwu Production Plant	47.6	14.3	30%
For working capital	15.9	–	–
Total	158.7	29.3	18.5%

PROSPECTS

Looking ahead, global economic uncertainty and economic slowdown in China have exerted challenges to the business environment. In exposing to the overseas markets, Renminbi depreciation has brought positive impact to the Group, but in the long run, the Group will enhance its added-value and expect to bring comprehensive solution services to customers. It will increase the added-value of its product sales commercial model to be the cosplay solutions supplier providing “Products + Services”, and strive to develop cosplay and its party products and services to become the preferred number one brand.

In view of domestic huge market and consumption pattern, apart from going through the existing online sales channel, the Group will also speed up the launching of its own e-business platform to enhance the sales of BTC, the Group’s own brand.

We will also proceed to the mergers and acquisitions of industrial integration and business expansion as and when appropriate, strengthen the Group’s capabilities and rapidly enhance our competitiveness and operation scale.

The Group is well positioned for its future development and is confident of being able to deliver superior long term performance for its customers, shareholders and the communities where our business is conducting. The Group is confident in its business prospects and is looking forward to another successful and satisfactory performance in the 2016 financial year.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders entitled to attend and vote at the 2016 AGM, the register of members of the Company will be closed from Wednesday, 1 June 2016 to Tuesday, 7 June 2016, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s transfer office and share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 31 May 2016.

CORPORATE GOVERNANCE REPORT

The Board is committed to achieving high standards of corporate governance to safeguard the interest of the Company's shareholders and to enhance corporate value and accountability. For the period from its Listing Date up to 31 December 2015, the Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules, except in relation to CG Code provision A.2.1, as more particular describe below:

CG Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The roles of the Chairman and the Chief Executive Officer of the Company are not separate and both are performed by Mr. Chen Sheng Bi. In view of Mr. Chen is the founder of our Group and has been operating and managing our Group since 2004, our Board believes that it is in the best interest of our Group to have Mr. Chen taking up both roles for effective management and business development. Therefore, our Directors consider that the deviation from the CG Code provision A.2.1 is appropriate in such circumstance.

The Group also has an internal control system in place serving the check and balance function. There are three Independent Non-executive Directors who represent one half of the Board offering practical, independent and differing perspectives. The Board is therefore of the view that there are adequate balance of power and safeguards in place to enable the Company to make and implement decisions promptly and effectively.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company confirmed that all Directors had compiled with the required standard set out in the Model Code throughout the period from the Listing Date to 31 December 2015.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period from the Listing Date and up to 31 December 2015.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") on 7 August 2015 with written terms of reference in compliance with the CG code, and currently comprises three Independent Non-executive Directors, namely Mr. Leung Siu Hong (as chairman), Mr. Chen Wen Hua and Ms. Peng Xu. The primary duties of the Audit Committee are to review the financial reporting process and internal control and risk management systems of the Group. The Audit Committee has reviewed the Company's annual results for the year ended 31 December 2015.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited ("**Grant Thornton**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Grant Thornton in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Grant Thornton on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS AND 2015 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange and the Company, and the annual report of the Company for the year ended 31 December 2015 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
China Partytime Culture Holdings Limited
Chen Sheng Bi
Chairman

Hong Kong, 29 March 2016

As at the date of this announcement, the Board comprises (i) two Executive Directors, namely Mr. Chen Sheng Bi, Mr. Lin Xin Fu; (ii) one Non-executive Director, namely Ms. Chen Sheng; and (iii) three Independent Non-executive Directors, namely Mr. Leung Siu Hong, Mr. Chen Wen Hua and Ms. Peng Xu.