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## **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)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “**Board**”) of directors (the “**Directors**”) 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 unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024, together with the comparative figures for the corresponding period in 2023 as follows:

#### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2024*

	<i>NOTES</i>	<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenue</b>	6	<b>164,639</b>	191,189
Costs of sales		<b>(125,337)</b>	(146,160)
<b>Gross profit</b>		<b>39,302</b>	45,029
Other income	7	<b>8,592</b>	8,417
Selling expenses		<b>(4,699)</b>	(4,211)
Share of loss of associates		<b>(12)</b>	(46)
Impairment loss on property, plant and equipment		<b>(6,034)</b>	–
Expected credit losses (“ <b>ECL</b> ”) allowance for trade receivables		<b>(1,368)</b>	(2,491)
ECL allowance for net investment in leases		–	(4)
Fair value loss on financial asset at fair value through profit or loss (“ <b>FVTPL</b> ”)		–	(2,038)
Fair value loss on contingent consideration		–	(131)
Net unrealised gain/(loss) on derivative financial instruments		<b>332</b>	(6,331)
Administrative and other operating expenses		<b>(35,000)</b>	(39,665)

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
	<i>NOTES</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Profit/(loss) from operations</b>		<b>1,113</b>	(1,471)
Finance costs		<b>(182)</b>	(1,875)
		<hr/>	<hr/>
<b>Profit/(loss) before income tax</b>	8	<b>931</b>	(3,346)
Income tax (expenses)/credit	9	<b>(1,458)</b>	217
		<hr/>	<hr/>
<b>Loss for the period</b>		<b>(527)</b>	(3,129)
		<hr/> <hr/>	<hr/> <hr/>
<b>Other comprehensive income/(expenses):</b>			
<b>Items that will be reclassified</b>			
<b>subsequently to profit or loss</b>			
Exchange differences on translation of			
foreign operation recognised		<b>962</b>	(917)
		<hr/>	<hr/>
<b>Other comprehensive income/(expenses)</b>			
<b>for the period, net of nil tax</b>		<b>962</b>	(917)
		<hr/>	<hr/>
<b>Total comprehensive income/(expenses) for</b>			
<b>the period</b>		<b>435</b>	(4,046)
		<hr/> <hr/>	<hr/> <hr/>
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		<b>768</b>	(3,140)
Non-controlling interests		<b>(1,295)</b>	11
		<hr/>	<hr/>
		<b>(527)</b>	(3,129)
		<hr/> <hr/>	<hr/> <hr/>
<b>Total comprehensive income/(expenses)</b>			
<b>attributable to:</b>			
Owners of the Company		<b>1,730</b>	(4,057)
Non-controlling interests		<b>(1,295)</b>	11
		<hr/>	<hr/>
		<b>435</b>	(4,046)
		<hr/> <hr/>	<hr/> <hr/>
		<i>RMB (cents)</i>	<i>RMB (cents)</i>
<b>Earnings/(loss) per share for profit/(loss)</b>			
<b>attributable to equity holders of the</b>			
<b>Company</b>			
Basic and diluted	11	<b>0.05</b>	(0.23)
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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		30 June 2024	31 December 2023
	<i>NOTES</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	216,561	205,423
Right-of-use assets	12	6,847	7,016
Investment properties	13	70,730	69,608
Interests in associates		1,540	1,552
Goodwill		8,369	8,369
Intangible assets	15	3,886	4,516
Financial asset at fair value through profit or loss (“FVTPL”)		–	908
Deferred tax assets		20,193	21,783
		<b>328,126</b>	319,175
<b>Current assets</b>			
Inventories	16	20,725	23,338
Trade and other receivables	17	113,051	60,514
Bank balances and cash		36,184	49,456
		<b>169,960</b>	133,308
<b>Current liabilities</b>			
Trade and other payables	18	44,919	29,660
Contract liabilities		873	45
Bank borrowings		18,000	8,180
Derivative financial instruments		72	404
Tax payable		912	2,548
		<b>64,776</b>	40,837
<b>Net current assets</b>		<b>105,184</b>	92,471
<b>Total assets less current liabilities</b>		<b>433,310</b>	411,646
<b>Non-current liabilities</b>			
Deferred tax liabilities		409	566
<b>Net assets</b>		<b>432,901</b>	411,080

	<b>30 June 2024 RMB'000 (unaudited)</b>	31 December 2023 RMB'000 (audited)
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>15,072</b>	12,334
Reserves	<b>391,148</b>	370,770
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<b>Equity attributable to owners of the Company</b>	<b>406,220</b>	383,104
Non-controlling interests	<b>26,681</b>	27,976
	<hr/>	<hr/>
<b>Total equity</b>	<b>432,901</b>	411,080
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# NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as exempted company on 12 February 2015 with limited liability. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is No. 3 Chunchao Road, Yichun Economic & Technological Development Zone, Jiangxi Province, the People's Republic of China ("PRC").

The Company is an investment holding company and its subsidiaries are principally engaged in the design, development, production, sales and marketing of cosplay products (including cosplay costumes and cosplay wigs), sexy lingerie and fabric care, personal hygiene and home care products, and leasing of factory premises.

## 2. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The condensed consolidated interim financial information does not include all of the information required in annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2023.

The condensed consolidated interim financial information is unaudited.

The condensed consolidated interim financial information is presented in thousands of units of Renminbi ("RMB'000"), except when otherwise indicated, which was approved for issue by the Board on 30 August 2024.

## 3. ADOPTION OF AMENDED HKFRSs

The condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with the accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following amended Hong Kong Financial Reporting Standards ("HKFRSs") which are effective as of 1 January 2024.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of these amended HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

The Group has not applied any new standards, interpretations or amendments to standards and interpretations that is not yet effective for the current accounting period.

#### **4. ESTIMATES AND JUDGEMENTS**

The preparation of condensed consolidated interim financial information requires management to make accounting judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements of the Group for the year ended 31 December 2023.

#### **5. SEGMENT INFORMATION**

The Executive Directors of the Company, being the chief operating decision maker (the "CODM"), have identified the Group's major product and service lines as operating segments.

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 (excluded finance charges on lease liabilities), bank interest income, loss on disposal of property, plant and equipment, share of loss of associates, net unrealised gain/(loss) on derivative financial instruments, gain on disposal of financial asset at FVTPL, fair value loss on financial asset at FVTPL, unallocated other operating income, unallocated corporate expenses, and income tax (expenses)/credit. All assets are allocated to reportable segments other than bank balances and cash, financial asset at FVTPL, interests in associates 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:

	Six months ended 30 June 2024				Total <i>RMB'000</i> (unaudited)
	Wigs <i>RMB'000</i> (unaudited)	Clothing and others <i>RMB'000</i> (unaudited)	Fabric care, personal hygiene and home care products <i>RMB'000</i> (unaudited)	Leasing of factory premises <i>RMB'000</i> (unaudited)	
Revenue from external customers	<u>10,195</u>	<u>137,994</u>	<u>16,450</u>	<u>-</u>	<u>164,639</u>
<b>Segment results</b>	(4,793)	20,315	(5,411)	(164)	9,947
Finance costs (excluded finance charges on lease liabilities)					(182)
Bank interest income					41
Loss on disposal of property, plant and equipment					(3)
Share of loss of associates					(12)
Net unrealised gain on derivative financial instruments					332
Gain on disposal of financial asset at FVTPL					92
Unallocated income					4,805
Unallocated expenses					<u>(14,089)</u>
Profit before income tax					931
Income tax expenses					<u>(1,458)</u>
<b>Loss for the period</b>					<u>(527)</u>
<b>Other segment items</b>					
Depreciation and amortisation	1,108	4,006	2,015	3,200	10,329
Capital expenditure	90	27,467	273	-	27,830
Impairment loss on property, plant and equipment	6,034	-	-	-	6,034
ECL allowance for trade receivables	<u>20</u>	<u>637</u>	<u>711</u>	<u>-</u>	<u>1,368</u>

	Six months ended 30 June 2023				
	Wigs	Clothing and	Fabric care, personal hygiene and home care products	Leasing of factory premises	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue from external customers	13,071	155,879	22,239	–	191,189
<b>Segment results</b>	2,271	28,252	6,109	1,687	38,319
Finance costs (excluded finance charges on lease liabilities)					(1,706)
Bank interest income					94
Share of loss of associates					(46)
Net unrealised loss on derivative financial instruments					(6,331)
Fair value loss on financial asset at FVTPL					(2,038)
Unallocated income					12,763
Unallocated expenses					(44,401)
Loss before income tax					(3,346)
Income tax credit					217
<b>Loss for the period</b>					<b>(3,129)</b>
<b>Other segment items</b>					
Depreciation and amortisation	3,039	6,012	1,083	6,624	16,758
Capital expenditure	65	408	42	–	515
ECL allowance for trade receivables	12	2,405	43	31	2,491
ECL allowance for net investment in leases	–	–	–	4	4



	As at 30 June 2024					
	Wigs <i>RMB'000</i> (unaudited)	Clothing and others <i>RMB'000</i> (unaudited)	Fabric care, personal hygiene and home care products <i>RMB'000</i> (unaudited)	Leasing of factory premises <i>RMB'000</i> (unaudited)	Unallocated <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)
Reportable segment assets	<u>34,123</u>	<u>241,791</u>	<u>59,514</u>	<u>94,472</u>	<u>68,186</u>	<u>498,086</u>
Reportable segment liabilities	<u>1,404</u>	<u>37,168</u>	<u>10,434</u>	<u>–</u>	<u>16,179</u>	<u>65,185</u>
	As at 31 December 2023					
	Wigs <i>RMB'000</i> (audited)	Clothing and others <i>RMB'000</i> (audited)	Fabric care, personal hygiene and home care products <i>RMB'000</i> (audited)	Leasing of factory premises <i>RMB'000</i> (audited)	Unallocated <i>RMB'000</i> (audited)	Total <i>RMB'000</i> (audited)
Reportable segment assets	<u>38,141</u>	<u>161,609</u>	<u>64,967</u>	<u>94,868</u>	<u>92,898</u>	<u>452,483</u>
Reportable segment liabilities	<u>1,415</u>	<u>12,141</u>	<u>14,916</u>	<u>778</u>	<u>12,153</u>	<u>41,403</u>

## 6. REVENUE

The Group's principal activities are disclosed in note 1 to this announcement. Revenue of the Group is the revenue from these activities and represents the net invoiced value of goods sold.

The Group's revenue recognised during the period is as follows:

	Six months ended 30 June	
	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Wigs	<b>10,195</b>	13,071
Clothing and others	<b>137,994</b>	155,879
Fabric care, personal hygiene and home care products	<b>16,450</b>	22,239
	<u><b>164,639</b></u>	<u>191,189</u>

## Disaggregation of revenue from contracts with customers

The Group's revenue from sales of wigs, clothing and others and fabric care, personal hygiene and home care products are recognised at a point in time. The Group's contracts with customers usually have original expected duration of one year or less. Revenue from major product lines are as follow:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
<b>Contract Manufacturing Services (“CMS”) business</b>		
Cosplay costumes	82,538	101,647
Cosplay wigs	4,533	8,242
Sexy lingerie	120	3,797
Fabric care, personal hygiene and home care products	2,261	1,374
Others	5,559	4,340
	<u>95,011</u>	<u>119,400</u>
<b>Original Brand Manufacturing (“OBM”) business</b>		
Cosplay costumes	45,947	26,675
Cosplay wigs	5,662	4,829
Sexy lingerie	487	17,468
Fabric care, personal hygiene and home care products	14,189	20,865
Others	3,343	1,952
	<u>69,628</u>	<u>71,789</u>
	<u><b>164,639</b></u>	<u><b>191,189</b></u>

## 7. OTHER INCOME

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Exchange gain	820	1,400
Bank interest income	41	94
Government grant ( <i>note</i> )	670	534
Rental income from operating leases of investment properties		
– Lease payments that are fixed	3,045	971
Income relating to net investment in leases – Finance lease income	–	219
Utility income	1,898	3,733
Subcontracting income	609	717
Gain on recognition of net investment in leases	–	743
Gain on disposal of financial asset at FVTPL	92	–
Others	1,417	6
	<u>8,592</u>	<u>8,417</u>

*Note:* The Group was entitled to receive (1) a subsidy from the local government authorities for export sales business conducted in the Yichun Development Zone and Yiwu; and (2) specific funds in the Yichun Development Zone and Yiwu Development Zone.

## 8. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cost of inventories recognised as an expense	93,999	96,386
Depreciation		
– Property, plant and equipment	7,844	11,606
– Investment properties	1,758	1,770
– Right-of-use assets	97	97
Amortisation of intangible assets	630	3,285
Lease payments not included in the measurement of lease liabilities	198	37
Income relating to net investment in leases	–	(219)
Exchange gain, net	(820)	(1,400)
Loss on disposal of property, plant and equipment	3	–
Gain on disposal of financial asset at FVTPL	(92)	–
Research and development cost	13,611	11,102
Government grant	(670)	(534)
	<b>33,544</b>	<b>39,411</b>
Staff costs		
– Salaries, allowances and other benefits	31,576	36,672
– Contributions to defined contribution retirement plans	1,968	2,010
– Equity-settled share-based payment expense	–	729
	<b>33,544</b>	<b>39,411</b>

## 9. INCOME TAX (EXPENSES)/CREDIT

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the six months ended 30 June 2024 (2023: nil).

The provision for PRC enterprise income tax has been provided at the applicable tax rate of 25% (2023: 25%) on the assessable profits of the PRC subsidiaries.

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>Current tax</b>		
Current period – PRC enterprise income tax	(25)	60
Deferred tax	(1,433)	157
	<u>                    </u>	<u>                    </u>
Income tax (expenses)/credit	<u><b>(1,458)</b></u>	<u>217</u>

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. From December 2023 onwards, certain subsidiaries of the Group were accredited as “High and New Technology Enterprise” in the PRC, and subject to a concessionary tax rate of 15% for three years in accordance with the EIT Law.

## 10. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: nil).

## 11. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings per share is based on the profit for the period attributable to equity holders of the Company of RMB768,000 (2023: the calculation of the basic loss per share is based on the loss for the period attributable to equity holders of the Company of RMB3,140,000) and the weighted average number of ordinary shares of 1,573,529,000 in issue during the period (2023: 1,392,857,000).

The diluted earnings/loss per share for the six months ended 30 June 2024 and 2023 does not assume the exercise of the Company’s share options because the exercise price of those share options was higher than the average market price for shares.

The diluted earnings/loss per share is the same as basic profit/loss per share for the six months ended 30 June 2024 and 2023.

## 12. RIGHT-OF-USE ASSETS

	<b>As at 30 June 2024 RMB'000 (unaudited)</b>	<b>As at 31 December 2023 RMB'000 (audited)</b>
Prepaid land lease payments	<b>6,847</b>	<b>7,016</b>

Changes to the carrying amounts presented in the condensed consolidated statement of financial position can be summarised as follows:

	<b>Six months ended 30 June 2024 RMB'000 (unaudited)</b>	<b>Year ended 31 December 2023 RMB'000 (audited)</b>
At beginning of the period/year	<b>7,016</b>	6,994
Depreciation	<b>(97)</b>	(186)
Transfer (to)/from investment properties	<b>(72)</b>	208
At end of the period/year	<b>6,847</b>	<b>7,016</b>

The right-of-use assets represent prepaid land lease payments in relation to the leasehold land situated in the PRC and held under a medium term lease.

As at 30 June 2024, the Group's right-of-use assets amounting to RMB4,506,000 (31 December 2023: RMB4,680,000) were pledged to secure bank loans.

## 13. INVESTMENT PROPERTIES

	<b>As at 30 June 2024 RMB'000 (unaudited)</b>	<b>As at 31 December 2023 RMB'000 (audited)</b>
Investment properties	<b>70,730</b>	<b>69,608</b>

Changes to the carrying amounts presented in the condensed consolidated statement of financial position can be summarised as follows:

	<b>Six months ended 30 June 2024 RMB'000 (unaudited)</b>	<b>Year ended 31 December 2023 RMB'000 (audited)</b>
At beginning of the period/year	<b>69,608</b>	83,746
Transferred from/(to) right-of-use assets	<b>72</b>	(208)
Transferred from/(to) property, plant and equipment	<b>2,808</b>	(10,532)
Depreciation	<b>(1,758)</b>	(3,398)
	<hr/>	<hr/>
At end of the period/year	<b>70,730</b>	69,608
	<hr/> <hr/>	<hr/> <hr/>
	<b>As at 30 June 2024 RMB'000 (unaudited)</b>	<b>As at 31 December 2023 RMB'000 (audited)</b>
Cost	<b>117,195</b>	114,315
Accumulated depreciation and impairment	<b>(46,465)</b>	(44,707)
	<hr/>	<hr/>
Carrying amount	<b>70,730</b>	69,608
	<hr/> <hr/>	<hr/> <hr/>

At 30 June 2024, the fair value of the Group's investment properties, determined using income approach, which also representing the recoverable amounts of the leasing of factory premise CGU was RMB88,073,000 (31 December 2023: RMB86,105,000). The fair value as at 30 June 2024 has been arrived based on a valuation carried by an independent, professionally qualified valuer Graval Consulting Limited. No impairment loss was determined by comparing carrying amounts of the investment properties, together with the relevant leasehold improvement, to the above fair value as at 30 June 2024 and 31 December 2023.

The fair values of the Group's investment properties are categorised under Level 3 fair value hierarchy and determined using income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. When actual rent differs materially from the estimated rents, adjustments have been made to the estimated rental value.

The most significant inputs, all of which are unobservable, are the estimated rental value and the discount rate. The estimated rental value and discount rate is RMB13–RMB15 per square meter and 6%–6.5% as at six months ended 30 June 2024 (31 December 2023: RMB13–RMB15 per square meter and 6%–6.5%). The estimated fair value increases if the estimated rental value increases or if discount rate (market yields) decline. The overall valuations are sensitive to all assumptions. Management considers the range of reasonably possible alternative assumptions is greatest for rental values and that there is also an interrelationship between these inputs.

As at 30 June 2024, bank loans are secured by investment properties with a carrying value of RMB34,393,000 (31 December 2023: RMB32,482,000).

As at 30 June 2024, right-of-use assets that presented within investment properties with a carrying amount value of RMB3,103,000 (31 December 2023: RMB3,080,000).

## 14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machineries RMB'000	Motor vehicles RMB'000	Furniture and equipment RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Cost</b>							
As at 1 January 2024	197,314	30,268	4,407	5,187	193,251	17,709	448,136
Additions	-	272	295	9	-	27,254	27,830
Transfer to investment properties	(4,626)	-	-	-	-	-	(4,626)
Disposals	-	-	(45)	-	-	-	(45)
<b>As at 30 June 2024 (unaudited)</b>	<b>192,688</b>	<b>30,540</b>	<b>4,657</b>	<b>5,196</b>	<b>193,251</b>	<b>44,963</b>	<b>471,295</b>
<b>Accumulated depreciation</b>							
As at 1 January 2024	83,276	12,742	1,962	4,693	140,040	-	242,713
Charge for the period	2,261	1,062	323	91	4,107	-	7,844
Transfer to investment properties	(1,818)	-	-	-	-	-	(1,818)
Written back on disposals	-	-	(39)	-	-	-	(39)
Impairment loss	3,125	84	133	12	2,680	-	6,034
<b>As at 30 June 2024 (unaudited)</b>	<b>86,844</b>	<b>13,888</b>	<b>2,379</b>	<b>4,796</b>	<b>146,827</b>	<b>-</b>	<b>254,734</b>
<b>Net book amount</b>							
<b>As at 30 June 2024 (unaudited)</b>	<b>105,844</b>	<b>16,652</b>	<b>2,278</b>	<b>400</b>	<b>46,424</b>	<b>44,963</b>	<b>216,561</b>
As at 31 December 2023 (audited)	114,038	17,526	2,445	494	53,211	17,709	205,423

As at 30 June 2024, the Group's buildings with a total value amounting to RMB59,806,000 (31 December 2023: RMB65,830,000) were pledged to banks to secure bank loans granted to the Group.

During the six months ended 30 June 2024, the decline of sales performance on each of the Group's reportable segments due to the economic downturn indicates that the carrying amount of property, plant and equipment may not be recoverable and these assets are subject to an impairment loss.

The Group has determined the amount of the impairment loss of property, plant and equipment based on the recoverable amount of each cash-generating units ("CGUs") with property, plant and equipment allocated. The recoverable amounts of the CGUs have been determined based on value in use calculations, which use cashflow forecast available as at 30 June 2024. Fair value less costs of disposal is not used as the management considered that it will not be possible to measure fair value less costs of disposal of each CGUs because there is no basis for making a reliable estimate of the price. These cashflow forecasts are derived from the approved business plan which has a forecast covering a period of five years.

The key assumptions used in the value in use calculations are as follows:

- The sales growth rate assumptions are based on management estimates and expectations of current market conditions.
- The utilisation rate of the production line represents the forecast projections in the business plan.
- The cash flow projections are discounted using discount rates of 18.3% to 18.9% (31 December 2023: 16% to 18.8%). The discount rates reflect the current market assessments of the time value of money and are based on the estimated cost of capital and adjusted for lack of marketability.
- A terminal growth rate has been used in estimating cash flows beyond a period of five years. Nominal rates of 2% to 3% (31 December 2023: 2.2% to 3%) have been used.

During the six months ended 30 June 2024 and 30 June 2023, impairment loss of RMB6,034,000 (2023: nil) was recognised on property, plant and equipment.

## 15. INTANGIBLE ASSETS

	Trademark <i>RMB'000</i>	Patent <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Cost</b>			
<b>As at 1 January 2024 and 30 June 2024 (unaudited)</b>	<b>12,713</b>	<b>6,301</b>	<b>19,014</b>
<b>Accumulated amortisation</b>			
<b>As at 1 January 2024</b>	<b>12,713</b>	<b>1,785</b>	<b>14,498</b>
<b>Charge for the period</b>	<b>–</b>	<b>630</b>	<b>630</b>
<b>As at 30 June 2024 (unaudited)</b>	<b>12,713</b>	<b>2,415</b>	<b>15,128</b>
<b>Net book amount</b>			
<b>As at 30 June 2024 (unaudited)</b>	<b>–</b>	<b>3,886</b>	<b>3,886</b>
<b>As at 31 December 2023 (audited)</b>	<b>–</b>	<b>4,516</b>	<b>4,516</b>

## 16. INVENTORIES

	As at <b>30 June 2024</b> <i>RMB'000</i> (unaudited)	As at 31 December 2023 <i>RMB'000</i> (audited)
Raw materials	<b>16,136</b>	11,753
Work in progress	<b>407</b>	1,783
Finished goods	<b>4,182</b>	9,802
	<b>20,725</b>	23,338



## 17. TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
<b>Trade receivables</b>		
– From third parties	85,372	42,034
Less: ECL allowance	<u>(6,235)</u>	<u>(4,867)</u>
	<u>79,137</u>	<u>37,167</u>
<b>Deposits, prepayments and other receivables</b>		
Prepayments	13,272	14,257
Other tax receivables	6,857	860
Deposits	1,041	1,041
Other receivables	<u>12,744</u>	<u>7,189</u>
	<u>33,914</u>	<u>23,347</u>
	<u><b>113,051</b></u>	<u><b>60,514</b></u>

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 45 to 90 days. Overdue balances are reviewed regularly by senior management. Trade receivables are non interest-bearing.

An aging analysis of the trade receivables, based on the invoice date and net of ECL allowance, is as follows:

	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
0–30 days	33,997	17,261
31–60 days	17,829	10,512
61–90 days	25,872	4,819
91–365 days	896	4,107
Over 365 days	<u>543</u>	<u>468</u>
	<u>79,137</u>	<u>37,167</u>

As at 30 June 2024, ECL allowance of approximately RMB6,235,000 (31 December 2023: RMB4,867,000) was recognised.

The movement in the ECL allowance for trade receivables, is as follows:

	<b>Six months ended 30 June 2024 RMB'000 (unaudited)</b>	<b>Year ended 31 December 2023 RMB'000 (audited)</b>
At 1 January	4,867	1,594
ECL allowance recognised during the period/year	<u>1,368</u>	<u>3,273</u>
At 30 June/31 December	<u><b>6,235</b></u>	<u><b>4,867</b></u>

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities. The Group does not hold any collateral or other credit enhancements over these balances.

## 18. TRADE AND OTHER PAYABLES

	<b>As at 30 June 2024 RMB'000 (unaudited)</b>	<b>As at 31 December 2023 RMB'000 (audited)</b>
<b>Trade payables</b>		
– To third parties	<u>29,791</u>	<u>9,109</u>
<b>Accrued charges and other payables</b>		
– Salaries payables	9,255	6,943
– Other tax payables	712	2,813
– Other payables	5,161	3,477
– Consideration payable	–	7,318
	<u>15,128</u>	<u>20,551</u>
	<u><b>44,919</b></u>	<u><b>29,660</b></u>

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

	<b>As at 30 June 2024 RMB'000 (unaudited)</b>	<b>As at 31 December 2023 RMB'000 (audited)</b>
0–30 days	29,176	9,109
31–60 days	389	–
61–90 days	<u>226</u>	<u>–</u>
	<u><b>29,791</b></u>	<u><b>9,109</b></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue and gross profit margin

	Six months ended 30 June				
	2024		2023		Revenue % change
	Revenue	Gross profit	Revenue	Gross profit	
RMB'000	margin %	RMB'000	margin %		
CMS business					
Cosplay costumes	82,538	23.1%	101,647	23.4%	(18.8)%
Cosplay wigs	4,533	28.6%	8,242	30.9%	(45.0)%
Sexy lingerie	120	17.3%	3,797	23.9%	(96.8)%
Fabric care, personal hygiene and home care products	2,261	27.5%	1,374	24.8%	64.6%
Others	5,559	28.8%	4,340	32.9%	28.0%
	<u>95,011</u>	<u>23.8%</u>	<u>119,400</u>	24.3%	
OBM business					
Cosplay costumes	45,947	22.4%	26,675	17.6%	72.3%
Cosplay wigs	5,662	23.7%	4,829	16.6%	17.3%
Sexy lingerie	487	28.0%	17,468	24.7%	(97.2)%
Fabric care, personal hygiene and home care products	14,189	29.1%	20,865	28.3%	(32.0)%
Others	3,343	24.6%	1,952	24.3%	71.3%
	<u>69,628</u>	<u>24.0%</u>	<u>71,789</u>	22.6%	
Total	<u><u>164,639</u></u>	<u><u>23.9%</u></u>	<u><u>191,189</u></u>	23.7%	

#### Revenue

##### CMS business

During the six months ended 30 June 2024, 57.7% (2023: 62.5%) of our total revenue was mainly derived from our CMS business. The revenue derived from the CMS business decreased from approximately RMB119.4 million to approximately RMB95.0 million, representing a decrease of approximately 20.4%.

### *OBM business*

The revenue derived from our OBM business decreased from approximately RMB71.8 million to approximately RMB69.6 million, representing a decrease of approximately 3.0%.

In the first half of 2024, the textile and garment industries in China demonstrated resilience in overcoming challenges posed by the adverse impact of global foreign exchange market fluctuations, increasing trade barriers and international shipping disruptions, sale from our major products which include wigs, and clothing and others from the CMS business decreased by approximately RMB25.3 million or 21.4%. Conversely, the Group's sales of wigs, and clothing and others from the OBM business increased by approximately RMB4.5 million or 8.8% due to our own brand's competitive price, brand recognition and product quality.

The sales from fabric care, personal hygiene and home care products from both the CMS and the OBM business decreased by approximately RMB5.8 million or 26.0%, such decrease was mainly due to underperformance on the domestic e-commerce platforms during the first half of the year.

### **Leasing business**

Our Party Culture Industrial Park, E-commerce Operation Centre and Service and Experience Centre, together with our Feifeng Road Premises in Yiwu, PRC have been sub-leased to companies in the relevant industries with the aim to integrate the design and development of cultural products, internet celebrity, creative design, research and development and supply chain of the whole industrial chain. The Group has sub-leased part of its Yiwu Production Plant and the Yichun Production Plant to local enterprises with the view to better utilize the assets of the Group.

Rental income from leasing of these premises (including the rental income from leasing of plant and machineries) of approximately RMB3,045,000 (30 June 2023: RMB971,000) have been recognized during the year and included in "other income" in the consolidated statement of profit or loss and other comprehensive income.

### **Gross profit margin**

Our gross profit margin slightly increased from approximately 23.7% to approximately 23.9%. The increase in the gross profit margin was mainly due to the control of manufacturing costs and upgrade of product mix with higher profit margin.

### **Cost of sales**

Our cost of sales mainly comprises 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 slightly increased by approximately RMB0.18 million, from approximately RMB8.4 million to approximately RMB8.6 million. The increase was primarily due to the increase in the rental income from operating leases of investment properties of approximately RMB2.1 million and others of approximately RMB1.4 million, and offset by the decrease in the utility income of approximately RMB1.8 million.

## **Selling expenses**

Our selling expenses primarily consist of delivery expenses, staff costs and advertising and marketing expenses. Selling expenses represent approximately 2.8% and 2.2% of the revenue for the six months ended 30 June 2024 and 2023, respectively. The increase was primarily due to the increase in advertisement expense for the promotion of the fabric care, personal hygiene and home care products business.

## **Administrative and other operating expenses**

Our administrative and other operating expenses decreased by approximately RMB4.7 million, from approximately RMB39.7 million to approximately RMB35.0 million. The decrease was primarily due to the decrease in depreciation on property, plant and equipment of approximately RMB4 million.

## **ECL allowance of trade receivables**

The Group has applied the expected credit losses for all trade receivables. The decrease of the expected credit losses was due to the decrease in long overdue trade receivable.

## **Impairment loss on property, plant and equipment**

The Group has determined the impairment loss of property, plant and equipment and investment properties based on the recoverable amount of the cash-generating units (“CGU”) with property, plant and equipment and investment properties allocated respectively. During the six months ended 30 June 2024, impairment loss on property, plant and equipment of approximately RMB6.0 million was recognized as a result of the drop in the turnover which in turn reduced the recoverable amount of the property, plant and equipment in relation to the CGU of wigs.

The details of the key inputs and assumptions adopted in the valuations relating to the property, plant and equipment and investment properties are set out in notes 13 and 14 to this announcement. There are no significant changes in the assumption adopted in the valuations.

## **Finance costs**

Our finance costs decreased by approximately RMB1.7 million, from approximately RMB1.9 million to approximately RMB0.2 million. The decrease in finance costs was primarily due to the decrease in payment of interests on short term borrowings.

## **Income tax**

Income tax expenses for the six months ended 30 June 2024 was approximately RMB1.5 million (six months ended 30 June 2023: income tax credit of approximately RMB217,000). The change was mainly due to the decrease in the deferred tax assets recognised during the six months ended 30 June 2024.

## **Share of loss of associates**

Share of loss of associates relates to the Group's associates which engages in developing the cultural tourism business. The Group's share of loss of associates for the period was approximately RMB12,000 (30 June 2023: RMB46,000).

## **Financial resources and liquidity**

As at 30 June 2024, the total amount of cash and cash equivalent of the Group was approximately RMB36.2 million, a decrease of approximately RMB13.3 million when compared with that as at 31 December 2023. The Group's operations are financed primarily by revenue generated from its business operation, and borrowings obtained from banks. In addition, the Group had total bank borrowings of approximately RMB18.0 million as of 30 June 2024 as compared to total bank borrowings of approximately RMB8.2 million as of 31 December 2023.

As at 30 June 2024, the current ratio and the gearing ratio were 262.4% and 4.2% respectively. Current ratio is calculated based on total current assets divided by total current liabilities at the end of the financial year and gearing ratio is calculated based on total borrowings and lease liabilities divided by total equity at the end of the financial year.

The Group's operations are financed principally by revenue generated from its business operation, available bank balances and cash as well as interest-bearing borrowings. The Board will continue to follow a prudent treasury policy in managing its bank balances and cash and maintain a strong and healthy liquidity position to ensure that the Group is well positioned to achieve its business objectives and strategies.

The share capital of the Company only comprises of ordinary shares. As at 30 June 2024, the Company's number of issued ordinary shares was 1,773,263,120 ("Share(s)") (as at 31 December 2023: 1,477,721,120 Shares).

## **Capital expenditure**

During the six months ended 30 June 2024, the Group invested approximately RMB27.8 million in property, plant and equipment.

## **Pledged of assets**

As at 30 June 2024, our bank loans were secured by the Group's right-of-use assets with carrying value of approximately RMB4.5 million (31 December 2023: RMB4.7 million); buildings with carrying value of approximately RMB59.8 million (31 December 2023: RMB65.8 million) and investment properties with carrying value of approximately RMB34.4 million (31 December 2023: RMB32.5 million).

## **Contingent liabilities**

The Group did not have any significant contingent liabilities as at 30 June 2024 and 31 December 2023.

## **Foreign currency exposure**

Our exposures to currency risk arise from our sales to overseas customers, which are primarily denominated in USD and JPY. These are not the functional currencies of the entities to which the transactions relate. In order to minimise risk, the Group continues to adopt a prudent approach regarding foreign exchange exposure. Forward foreign exchange contracts are utilised when considered appropriate and when attractive pricing opportunities arise to mitigate foreign exchange exposures. Fair value gain on forward foreign exchange contracts of approximately RMB0.3 million was recognised during the six months ended 30 June 2024.

## **Employees and remuneration policy**

As of 30 June 2024, we had approximately 1,155 employees. Total staff costs for the period amounted to approximately RMB33.5 million. The remuneration policy of the Group is reviewed regularly according to the relevant market practice, employee performance and the financial performance of the Group. There is no significant change in the Group's remuneration policies. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution.

## **USE OF PROCEEDS**

On 3 May 2024, the Company issued 295,542,000 ordinary shares by way of placing at a price of HK\$0.08 per share, and the net proceeds from the placing is approximately HK\$23.1 million. The net proceeds from the Placing are intended to be applied by the Company as to approximately (i) RMB7.0 million for the proposed expansion of the Group's fabric care, personal hygiene and home care products business; (ii) RMB8.2 million for settling the Group's indebtedness falling due within 12 months; and (iii) RMB6.2 million as its general working capital so as to accommodate the operating cash flow needs to support its business operations.

As at 30 June 2024, the net proceeds of approximately RMB7.0 million, RMB8.2 million and RMB6.2 million have been used for expansion of the Group's fabric care, personal hygiene and home care products business; settling the Group's indebtedness and general working capital of the Group respectively.

For details of the above transactions, please refer to the announcements dated 17 April 2024 and 3 May 2024.

## **EVENTS AFTER THE PERIOD UNDER REVIEW**

There were no material subsequent events since 30 June 2024, being the end of the period under review.

## **BUSINESS REVIEW**

The Group is principally engaged in the design, development, production, selling and marketing of cosplay products (including cosplay costumes and cosplay wigs) and non-cosplay apparels (including mainly sexy lingerie), and fabric care, personal hygiene and home care products, and leasing factory premises in the PRC.



Our business can be classified into two major categories, namely CMS business and OBM business.

	Six months ended 30 June				Increase (decrease) of revenue (approximate %)
	2024		2023		
	Revenue RMB'000	% of total	Revenue RMB'000	% of total	
CMS business	95,011	57.7%	119,400	62.5%	(20.4)%
OBM business	69,628	42.3%	71,789	37.5%	(3.0)%
Total	<u>164,639</u>	<u>100.0%</u>	<u>191,189</u>	<u>100.0%</u>	(13.9)%

#### Revenue by operating and reportable segments

	Six months ended 30 June				Increase (decrease) of revenue (approximate %)
	2024		2023		
	Revenue RMB'000	% of total	Revenue RMB'000	% of total	
Wigs	10,195	6.2%	13,071	6.8%	(22.0)%
Clothing and others	137,994	83.8%	155,879	81.6%	(14.5)%
Fabric care, personal hygiene and home care products	16,450	10.0%	22,239	11.6%	(26.0)%
Total	<u>164,639</u>	<u>100.0%</u>	<u>191,189</u>	<u>100.0%</u>	(13.9)%

Profit attributable to the equity holders of the Company for the six months ended 30 June 2024 amounted to approximately RMB0.8 million as compared with a loss attributable to equity holders of the Company of approximately RMB3.1 million for the six months ended 30 June 2023. The Board considers that the aforesaid turn from loss to profit was primarily attributable to the absent of fair value loss on financial asset at fair value through profit or loss recognised during the period.

## **BUSINESS PROSPECTS**

Looking ahead to the second half of 2024, the global economy will continue to face the risk of slowing down. The Russia-Ukraine war and the Israeli-Palestinian conflict will continue to stir up the global trade situation. The US election, the China-Europe trade game and the undecided timetable for interest rate cuts by the US Federal Reserve will also pose hidden concerns for the market.

The Group will continue to use its best endeavor to improve the efficiency and effectiveness of its operation. Moreover, the Board will seek opportunities to diversify our business and broaden our revenue stream by (a) acquisition of intellectual property right with potential growth and (b) collaboration with companies of our upstream and downstream industries. The Group will continue to evaluate and identify target companies which have investment value and which can generate synergies with our businesses within the industry and along the industry chain, with the aim of bringing greater return to shareholders while expanding our business and revenue streams.

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2024 (30 June 2023: Nil).

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor its subsidiary has purchased, redeemed or sold any of the Company's listed securities for the six months ended 30 June 2024.

## **CORPORATE GOVERNANCE**

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

To the knowledge of the Board, the Company had fully complied with the relevant code provisions in the CG Code for the six months ended 30 June 2024.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, all Directors declared that they have complied with the Model Code throughout the review period.

## **REVIEW OF INTERIM RESULTS AND INTERIM REPORT**

The audit committee of the Company (the “**Audit Committee**”) comprises all the three Independent Non-executive Directors. The Audit Committee has reviewed the results (including the unaudited condensed consolidated financial statements for the six months ended 30 June 2024) of the Group and the 2024 interim report.

## **PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.partytime.com.cn](http://www.partytime.com.cn)), and the interim report of the Company for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the above websites in due course.

By order of the Board  
**China Partytime Culture Holdings Limited**  
**Teng Hao**  
*Chairman*

Hong Kong, 30 August 2024

*As at the date hereof, the Board comprises Mr. Teng Hao, Mr. Xu Chengwu and Mr. Chen Jinbo as Executive Directors, and Mr. Zheng Jin Min, Mr. Chen Wen Hua and Ms. Peng Xu as Independent Non-executive Directors.*