

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE NEW LEASE AGREEMENT

THE NEW LEASE AGREEMENT

Reference is made to the Announcement in relation to the Lease Agreement. The lease term under the Lease Agreement expires on 30 September 2024. The Board is pleased to announce that with a view to renewing the lease term for a further period, on 30 September 2024, Partytime Yiwu Costume (an indirectly wholly-owned subsidiary of the Company) as the tenant and Yiwu Chian Town as the landlord entered into the New Lease Agreement in respect of the Premises for a further term from 1 October 2024 to 30 April 2028.

LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, as a result of entering into the New Lease Agreement, the Group shall recognise the right-of-use asset in connection with the New Lease Agreement on the consolidated statement of financial position of the Group, and the transaction contemplated thereunder will be regarded as an acquisition of asset by the Group in accordance with the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the lease transaction contemplated under the New Lease Agreement exceed 5% but all such percentage ratios are less than 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE NEW LEASE AGREEMENT

Reference is made to the Announcement in relation to the Lease Agreement. The lease term under the Lease Agreement expires on 30 September 2024. The Board is pleased to announce that with a view to renewing the lease term for a further period, on 30 September 2024, Partytime Yiwu Costume (an indirectly wholly-owned subsidiary of the Company) as the tenant and Yiwu Chian Town as the landlord entered into the New Lease Agreement in respect of the Premises for a further term from 1 October 2024 to 30 April 2028.

KEY TERMS OF THE NEW LEASE AGREEMENT

| | | |
|------------------|---|---|
| Date | : | 30 September 2024 |
| Parties | : | (i) Yiwu Chian Town as the landlord; and (ii) Partytime Yiwu Costume (an indirectly wholly-owned subsidiary of the Company) as the tenant |
| Premises | : | Factory and warehouse at the Intersection of Huachuan North Road and Feifeng Road, Yiwu City, Zhejiang Province, PRC* (中國浙江省義烏市華川北路與飛鳳路口交叉口) (with a gross floor area of approximately 27,557.27 square meters). The Group will sub-lease the Premises to the companies of the Group's upstream and downstream industries. |
| Uses | : | The Premises shall be used solely for equipment manufacture, packaging, daily necessities, textile and garment industries and their related industries. |
| Lease term | : | Three years and seven months from 1 October 2024 to 30 April 2028 |
| Rent | : | RMB3,344,039 per annum The rent under the Lease Agreement was determined on arm's length negotiations taking into consideration the prevailing market prices of comparable premises. |
| Security deposit | : | The security deposit paid under the Lease Agreement (being RMB636,960) will be kept by Yiwu Chian Town as the security deposit under the New Lease Agreement. |

| | | |
|--|---|--|
| Aggregate value of consideration payable | : | Approximately RMB12.0 million |
| Manner of payment | : | RMB3,344,039, being the sum of the rent for the period from 1 October 2024 to 30 September 2025, was paid upon signing of the New Lease Agreement. The annual rents for the subsequent years are payable in a lump sum one month in advance of commencement of each rental year. |

The first rental payment was paid, and the subsequent rental payments will be paid, from the Group's internal source of funding.

RIGHT-OF-USE ASSET

The value of the right-of-use asset to be recognised by the Company under the New Lease Agreement is estimated to be approximately RMB11.2 million (unaudited), being the present value of the aggregate lease payments using the rate applicable at the commencement date of the New Lease Agreement in accordance to HKFRS 16. The discount rate of approximately 5.39% is applied to compute the present value of the aggregate lease payments under the New Lease Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW LEASE AGREEMENT

As disclosed in the Announcement, (i) the Group established a "Party Culture Industrial Park" (the "**Park**") in Yiwu, the PRC in late 2019, in order to enhance the Group's production efficiency and to foster the collaboration of companies of the Group's upstream and downstream industries; and (ii) the Premises, located at a convenient location near the Park, allows the Group to further expand such collaboration. During the term of the Lease Agreement, the Group had sub-leased the Premises to the companies of the Group's upstream and downstream industries, generating an average annualised rental income of approximately RMB3.8 million during the lease term.

As is consistent with the Group's business strategies since 2019, the Group remains keen to continue the collaboration with its upstream and downstream industry peers in the interest of production efficiency, and thus entered into the New Lease Agreement to extend the lease term of the Premises which will continue to be sub-leased to the companies of the Group's upstream and downstream industries.

The Directors, including the independent non-executive Directors, considered that the transactions contemplated under the New Lease Agreement were entered into in the ordinary and usual course of business of the Group and on normal commercial terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under the New Lease Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

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

Partytime Yiwu Costume is an indirectly wholly-owned subsidiary of the Company which is established in the PRC and is principally engaged in manufacturing and sale of cosplay costumes and sexy lingerie and leasing factory premises.

Based on publicly available information, Yiwu Chian Town is a company established in the PRC. The business scope of Yiwu Chian Town covers collective asset management of township enterprises* (鄉鎮企業集體資產經營管理). As at the date of this announcement, Yiwu Chian Town was wholly owned by Yiwu Chian Town Business Integrated Services Center* (義烏市赤岸鎮事業綜合服務中心) ("**Yiwu Chian Town BISC**"). According to the information provided by Yiwu Chian Town and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Yiwu Chian Town BISC is ultimately owned by the local government of Chian Town, Yiwu City, the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Yiwu Chian Town and its ultimate beneficial owner(s) are Independent Third Parties.

LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, as a result of entering into the New Lease Agreement, the Group shall recognise the right-of-use asset in connection with the New Lease Agreement on the consolidated statement of financial position of the Group, and the transaction contemplated thereunder will be regarded as an acquisition of asset by the Group in accordance with the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the lease transaction contemplated under the New Lease Agreement exceed 5% but all such percentage ratios are less than 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

| | |
|--------------------------------|--|
| “Announcement” | the announcement of the Company dated 30 September 2020 in relation to the Lease Agreement |
| “Board” | the board of Directors |
| “Company” | China Partytime Culture Holdings Limited (中國派對文化控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “HKFRS 16” | Hong Kong Financial Reporting Standard 16 |
| “Independent Third Party(ies)” | person(s) who is (are) to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, third party(ies) independent of the Company and connected persons of the Company |
| “Lease Agreement” | the lease agreement dated 30 September 2020 entered into between Partytime Yiwu Costume and Yiwu Chian Town in relation to the Premises |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “New Lease Agreement” | the new lease agreement dated 30 September 2024 entered into between Partytime Yiwu Costume and Yiwu Chian Town in relation to the Premises |
| “Partytime Yiwu Costume” | Partytime Costume & Lingerie (Yiwu) Factory* (義烏市派對服飾有限公司), a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company |

| | |
|-------------------|--|
| “PRC” | the People’s Republic of China |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share(s)” | ordinary share(s) in the issued share capital of the Company |
| “Shareholder(s)” | the holder(s) of Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning ascribed to it under the Listing Rules |
| “Yiwu Chian Town” | Yiwu Chian Town Collective Asset Management Co., Ltd.* (義烏市赤岸鎮集體資產經營有限公司), a company established in the PRC with limited liability |
| “%” | per cent |

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

Hong Kong, 30 September 2024

As at the date of this announcement, the Board of Directors of the Company consists of (i) three Executive Directors, namely Mr. Teng Hao, Mr. Xu Chengwu and Mr. Chen Jinbo; and (ii) three Independent Non-executive Directors, namely Mr. Zheng Jin Min, Mr. Chen Wen Hua and Ms. Peng Xu.

* *Translation for identification purposes*