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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

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 that the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023, are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	5	240,327	355,675
Costs of sales		(193,736)	(268,637)
Gross profit		46,591	87,038
Other income	6	18,937	17,140
Share of loss of associates		(1,448)	(46)
Selling expenses		(15,526)	(7,689)
Expected credit loss (“ ECL ”) allowance on trade receivables, net		(1,129)	(3,273)
(ECL allowance)/Reversal of ECL allowance on net investment in leases		(164)	137
Impairment loss on property, plant and equipment		(11,315)	(3,772)
Impairment loss on goodwill		(8,369)	–
Fair value loss on financial asset at fair value through profit or loss (“ FVTPL ”)		–	(5,092)
Fair value loss on contingent consideration		–	(2,560)
Loss on remeasurement of disposal group held for sale to fair value less costs to sell		(11,870)	–
Fair value gain/(loss) on derivative financial instruments		356	(404)
Administrative and other operating expenses		(86,873)	(93,767)
Loss from operations		(70,810)	(12,288)
Finance costs	7	(579)	(2,566)

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss before income tax	8	(71,389)	(14,854)
Income tax expense	9	(4,006)	(3,758)
Loss for the year		(75,395)	(18,612)
Other comprehensive income:			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operation recognised		6,619	1,131
Other comprehensive income for the year, net of nil tax		6,619	1,131
Total comprehensive expenses for the year		(68,776)	(17,481)
(Loss)/profit for the year attributable to:			
– Owners of the Company		(66,884)	(23,932)
– Non-controlling interests		(8,511)	5,320
		(75,395)	(18,612)
Total comprehensive (expenses)/income for the year attributable to:			
– Owners of the Company		(60,265)	(22,801)
– Non-controlling interests		(8,511)	5,320
		(68,776)	(17,481)
		<i>RMB cents</i>	<i>RMB cents</i>
Loss per share for loss attributable to equity holders of the Company	10		
Basic and diluted		(3.99)	(1.68)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	153,190	205,423
Right-of-use assets	12	6,874	7,016
Investment properties	13	33,728	69,608
Interests in associates		104	1,552
Goodwill		–	8,369
Intangible assets	15	3,256	4,516
Financial asset at fair value through profit or loss		–	908
Deferred tax assets		17,519	21,783
Net investment in leases		2,877	–
		217,548	319,175
Current assets			
Inventories	16	22,162	23,338
Trade and other receivables	17	20,401	60,514
Net investment in leases		1,595	–
Bank balances and cash		63,585	49,456
		107,743	133,308
Disposal group classified as held for sale		91,818	–
		199,561	133,308
Current liabilities			
Trade and other payables	18	23,287	29,660
Contract liabilities	19	2,587	45
Bank borrowings		18,000	8,180
Lease liabilities		2,973	–
Derivative financial instruments		48	404
Tax payable		1,256	2,548
		48,151	40,837
Net current assets		151,410	92,471
Total assets less current liabilities		368,958	411,646

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Deferred tax liabilities		251	566
Lease liabilities		5,017	–
		5,268	566
Net assets		363,690	411,080
CAPITAL AND RESERVES			
Share capital		15,072	12,334
Reserves		329,153	370,770
Equity attributable to owners of the Company		344,225	383,104
Non-controlling interests		19,465	27,976
Total equity		363,690	411,080

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 October 2015. 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 ("**Yichun 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, research and 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 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 Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**").

The consolidated financial statements have been prepared on the historical cost basis except for financial assets at FVTPL and derivative financial instruments which are stated at fair values. Non-current assets and disposal group classified as held for sale are stated the lower of carrying amount and fair value less costs to sell. The consolidated financial statements is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousands ("**RMB'000**"), except when otherwise indicated.

3. ADOPTION OF NEW AND AMENDED HKFRSs

Amended HKFRSs that are effective for annual periods beginning on or after 1 January 2024

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 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 the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Issued but not yet effective HKFRSs

At the date of this announcement, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 21	Lack of exchangeability ²
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²

¹ Effective for annual periods beginning on or after 1 January 2025.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

⁴ Effective date to be determined.

The directors anticipate that all of the new and amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the new and amended HKFRSs. These new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

4. 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 and service lines.

The Group has identified the following reportable segments:

- (a) Wigs;
- (b) Clothing and others (including cosplay costumes, sexy lingerie and others);
- (c) Fabric care, personal hygiene and home care products; and
- (d) Leasing of factory premises (self-owned or held under leasehold interest).

Each of these reportable 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 (excluded finance charges on lease liabilities), bank interest income, loss on disposal of property, plant and equipment, share of loss of associates, gain on disposal of financial asset at FVTPL, loss on remeasurement of disposal group held for sale to fair value less costs of sell, fair value loss on financial assets at FVTPL, fair value loss on contingent consideration, fair value gain/(loss) on derivative financial instruments, unallocated other operating income, unallocated corporate expenses, and income tax expense. All assets are allocated to reportable segments other than bank balances and cash, financial asset at FVTPL, disposal group classified as held for sale, 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:

	Year ended 31 December 2024				
	Wigs	Clothing	Fabric care, personal hygiene and home care products	Leasing of factory premises	Total
	RMB'000	and others RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	<u>32,186</u>	<u>174,206</u>	<u>33,935</u>	<u>–</u>	<u>240,327</u>
Segment results	<u>(9,737)</u>	<u>18,203</u>	<u>(21,653)</u>	<u>342</u>	<u>(12,845)</u>
Finance costs (excluded finance charges on lease liabilities)					(474)
Bank interest income					841
Loss on disposal of property, plant and equipment					(775)
Share of loss of associates					(1,448)
Fair value gain on derivative financial instruments					356
Loss on remeasurement of disposal group held for sale to fair value less costs to sell					(11,870)
Unallocated income					9,362
Unallocated expenses					(54,536)
Loss before income tax					(71,389)
Income tax expense					(4,006)
Loss for the year					<u>(75,395)</u>
Other segment items					
Depreciation and amortisation	2,462	9,057	2,931	6,454	20,904
Impairment loss on property, plant and equipment	11,315	–	–	–	11,315
Impairment loss on goodwill	–	–	8,369	–	8,369
Capital expenditure	476	32,634	7,776	99	40,985
ECL allowance on trade receivables, net	(15)	290	854	–	1,129
ECL allowance on net investment in leases	<u>–</u>	<u>–</u>	<u>–</u>	<u>164</u>	<u>164</u>

Year ended 31 December 2023					
	Wigs <i>RMB'000</i>	Clothing and others <i>RMB'000</i>	Fabric care, personal hygiene and home care products <i>RMB'000</i>	Leasing of factory premises <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers	42,096	229,555	84,024	–	355,675
Segment results	1,795	33,127	8,992	(2,148)	41,766
Finance costs (excluded finance charges on lease liabilities)					(2,311)
Bank interest income					346
Loss on disposal of property, plant and equipment					(10,083)
Share of loss of associates					(46)
Fair value loss on financial assets at FVTPL					(5,092)
Fair value loss on contingent consideration					(2,560)
Fair value loss on derivative financial instruments					(404)
Unallocated income					7,825
Unallocated expenses					(44,295)
Loss before income tax					(14,854)
Income tax expense					(3,758)
Loss for the year					(18,612)
Other segment items					
Depreciation and amortisation	2,763	9,193	3,819	7,837	23,612
Impairment loss on property, plant and equipment	3,772	–	–	–	3,772
Capital expenditure	91	18,456	439	133	19,119
ECL allowance on trade receivables	(58)	2,930	401	–	3,273
Reversal of ECL allowance on net investment in leases	–	–	–	(137)	(137)

As at 31 December 2024						
	Wigs	Clothing	Fabric care, personal hygiene and home care products	Leasing of factory premises	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Reportable segment assets	29,831	102,048	43,469	57,076	92,867	325,291
Assets of disposal group held for sale	—	—	—	—	—	91,818
	<u>29,831</u>	<u>102,048</u>	<u>43,469</u>	<u>57,076</u>	<u>92,867</u>	<u>417,109</u>
Reportable segment liabilities	<u>2,320</u>	<u>12,262</u>	<u>16,172</u>	<u>7,989</u>	<u>14,676</u>	<u>53,419</u>

As at 31 December 2023						
	Wigs	Clothing	Fabric care, personal hygiene and home care products	Leasing of factory premises	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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>

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.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
PRC (place of domicile)	<u>32,451</u>	<u>86,001</u>
United States ("US")	186,506	237,453
Germany	1,872	886
United Kingdom ("UK")	537	694
Holland	340	564
Japan	13,583	21,727
Greece	—	3,586
Others	<u>5,038</u>	<u>4,764</u>
	<u>207,876</u>	<u>269,674</u>
	<u>240,327</u>	<u>355,675</u>

The Group's non-current assets, other than net investment in leases, financial asset at fair value through profit or loss and deferred tax assets, are substantially located in the PRC.

Information about major customers

During the year ended 31 December 2024, RMB178,159,000 or 74% (2023: RMB227,260,000 or 64%) of the Group's revenue was derived from a single customer of the Group. It is related to wigs and clothing and other segment.

As at 31 December 2024, nil (2023: 26%) of the Group's trade receivables was due from this customer.

5. 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 year is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Wigs	32,186	42,096
Clothing and others	174,206	229,555
Fabric care, personal hygiene and home care products	33,935	84,024
	<u>240,327</u>	<u>355,675</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 and service lines are as follow:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Contract Manufacturing Services ("CMS") business		
Cosplay costumes	119,866	163,923
Cosplay wigs	20,409	29,628
Sexy lingerie	170	4,104
Fabric care, personal hygiene and home care products	7,816	2,771
Others	4,878	8,220
	<u>153,139</u>	<u>208,646</u>
Original Brand Manufacturing ("OBM") business		
Cosplay costumes	46,467	33,846
Cosplay wigs	11,777	12,468
Sexy lingerie	2,825	17,468
Fabric care, personal hygiene and home care products	26,119	81,253
Others	–	1,994
	<u>87,188</u>	<u>147,029</u>
	<u>240,327</u>	<u>355,675</u>

6. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Bank interest income	841	346
Government grant (<i>note</i>)	2,005	1,016
Rental income from operating leases of investment properties		
– Lease payments that are fixed	6,805	5,315
Income relating to net investment in leases		
– Finance lease income	62	637
Subcontracting income	1,867	3,017
Gain on disposal of financial asset at FVTPL	92	–
Gain on recognition of net investment in leases	388	–
Utility income	4,208	6,710
Exchange gain, net	2,611	–
Others	58	99
	<u>18,937</u>	<u>17,140</u>

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

7. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on bank and other short term borrowings	474	2,311
Finance charges on lease liabilities	105	255
	<u>579</u>	<u>2,566</u>

8. LOSS BEFORE INCOME TAX

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

	2024 RMB'000	2023 RMB'000
Auditors' remuneration	1,290	1,793
Cost of inventories recognised as an expense	138,537	193,416
Depreciation		
– Property, plant and equipment	15,716	16,113
– Investment properties	3,356	3,398
– Right-of-use assets	572	186
Amortisation of intangible assets	1,260	3,915
Loss on disposal of property, plant and equipment	775	10,083
Gain on recognition of net investment in leases	388	–
Gain on disposal of financial asset at FVTPL	92	–
Lease payments not included in the measurement of lease liabilities	113	76
Income relating to net investment in leases	(62)	(637)
Exchange (gain)/loss, net	(2,611)	6,127
Research and development costs	31,396	26,481
Government grant	(2,005)	(1,016)
Staff costs		
– Salaries, allowances and other benefits	57,433	76,697
– Contributions to defined contribution retirement plans (<i>note</i>)	8,889	9,169
– Equity-settled share-based payment expenses	–	729
	<u>66,322</u>	<u>86,595</u>

Note: During the year ended 31 December 2024, no forfeited contribution under the Plans is available to offset the future contributions or reduce the existing and future levels of contributions (2023: nil).

9. 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 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.

	2024 RMB'000	2023 RMB'000
Current tax		
Current year – PRC enterprise income tax	57	1,622
Deferred tax	3,949	2,136
Income tax expense	4,006	3,758

Under the Law of the People's Republic of China 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, Partytime Group Co., Ltd, Partytime Costume & Lingerie (Yiwu) Factory and Zhejiang Kelee Technology Co., Limited (“**Zhejiang Kelee**”) 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. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to equity holders of the Company of RMB66,884,000 (2023: RMB23,932,000) and the weighted average 1,674,479,000 (2023: 1,426,366,000) ordinary shares in issue during the year ended 31 December 2024.

The diluted loss per share for the year ended 31 December 2024 and 31 December 2023 does not assume the exercise of the Company's share options because (i) the exercise price of those share options was higher than the average market price for shares; and (ii) the impact of exercise has anti-dilutive effect on the basic loss per share.

The diluted loss per share is the same as basic loss per share for the years ended 31 December 2024 and 2023.

11. DIVIDENDS

No dividend was paid or proposed during 2024 nor has any dividend been proposed since the end of the reporting period (2023: nil).

12. RIGHT-OF-USE-ASSETS

	Prepaid land lease payments	Other properties leased for own use	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount as at 1 January 2023	6,994	–	6,994
Depreciation	(186)	–	(186)
Transfer from investment properties	208	–	208
	<u>7,016</u>	<u>–</u>	<u>7,016</u>
Carrying amount as at 31 December 2023	<u>7,016</u>	<u>–</u>	<u>7,016</u>
Carrying amount as at 1 January 2024	7,016	–	7,016
Addition	–	5,272	5,272
Depreciation	(200)	(372)	(572)
Transfer to investment properties	(72)	–	(72)
Reclassified to disposal group held for sale	(4,770)	–	(4,770)
	<u>1,974</u>	<u>4,900</u>	<u>6,874</u>
Carrying amount as at 31 December 2024	1,974	4,900	6,874

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

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

13. INVESTMENT PROPERTIES

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Investment properties	<u>33,728</u>	<u>69,608</u>
Changes to the carrying amounts presented in the consolidated statement of financial position can be summarised as follows:		
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at 1 January	69,608	83,746
Transferred from/(to) right-of-use assets	72	(208)
Transferred from/(to) property, plant and equipment	2,808	(10,532)
Depreciation	(3,356)	(3,398)
Reclassified to disposal group held for sale	<u>(35,404)</u>	<u>–</u>
Carrying amount at 31 December	<u>33,728</u>	<u>69,608</u>

	2024 RMB'000	2023 RMB'000
Cost	61,912	114,315
Accumulated depreciation and impairment	(28,184)	(44,707)
Carrying amount	33,728	69,608

At 31 December 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 premises CGU was RMB53,557,000 (2023: RMB86,105,000). The fair value as at 31 December 2024 has been arrived based on a valuation carried out by an independent professional 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 31 December 2024 and 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 are ranging from RMB12 (2023: RMB13 to RMB15) per square meter and from 6.0% (2023: 6.0% to 6.5%) as at year ended 31 December 2024 respectively. 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 the greatest for rental values and that there is an interrelationship between these inputs.

The investment properties represent self-owned factory premises held under medium term leasehold land located in the PRC and are depreciated on a straight-line basis over the term of the lease.

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

As at 31 December 2024, right-of-use assets that presented within investment properties with a carrying amount value of RMB nil (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
Cost							
As at 1 January 2023	202,049	34,902	5,063	5,076	194,971	–	442,061
Additions	–	796	203	131	280	17,709	19,119
Transfer from investment properties	12,765	–	–	–	–	–	12,765
Disposals	(17,500)	(5,430)	(859)	(20)	(2,000)	–	(25,809)
As at 31 December 2023	<u>197,314</u>	<u>30,268</u>	<u>4,407</u>	<u>5,187</u>	<u>193,251</u>	<u>17,709</u>	<u>448,136</u>
As at 1 January 2024	197,314	30,268	4,407	5,187	193,251	17,709	448,136
Additions	–	8,675	573	262	142	31,333	40,985
Transfer to investment properties	(4,627)	–	–	–	–	–	(4,627)
Disposals	–	(1,959)	(191)	(191)	–	–	(2,341)
Reclassified to disposal group held for sale	(123,669)	(2,406)	–	(2,517)	(114,275)	–	(242,867)
As at 31 December 2024	<u>69,018</u>	<u>34,578</u>	<u>4,789</u>	<u>2,741</u>	<u>79,118</u>	<u>49,042</u>	<u>239,286</u>
Accumulated depreciation and impairment							
As at 1 January 2023	82,972	15,757	2,283	4,560	130,559	–	236,131
Charge for the year	3,363	2,336	377	141	9,896	–	16,113
Transfer from investment properties	2,233	–	–	–	–	–	2,233
Written back on disposal	(7,238)	(5,424)	(758)	(16)	(2,100)	–	(15,536)
Impairment loss	1,946	73	60	8	1,685	–	3,772
As at 31 December 2023	<u>83,276</u>	<u>12,742</u>	<u>1,962</u>	<u>4,693</u>	<u>140,040</u>	<u>–</u>	<u>242,713</u>
As at 1 January 2024	83,276	12,742	1,962	4,693	140,040	–	242,713
Charge for the year	3,703	2,642	563	104	8,704	–	15,716
Transfer to investment properties	(1,819)	–	–	–	–	–	(1,819)
Written back on disposal	–	(1,279)	(118)	(169)	–	–	(1,566)
Impairment loss	5,344	565	272	23	5,111	–	11,315
Reclassified to disposal group held for sale	(62,490)	(2,051)	–	(2,265)	(113,457)	–	(180,263)
As at 31 December 2024	<u>28,014</u>	<u>12,619</u>	<u>2,679</u>	<u>2,386</u>	<u>40,398</u>	<u>–</u>	<u>86,096</u>
Net book amount							
As at 31 December 2024	<u>41,004</u>	<u>21,959</u>	<u>2,110</u>	<u>355</u>	<u>38,720</u>	<u>49,042</u>	<u>153,190</u>
As at 31 December 2023	<u>114,038</u>	<u>17,526</u>	<u>2,445</u>	<u>494</u>	<u>53,211</u>	<u>17,709</u>	<u>205,423</u>

As at 31 December 2024, the Group's buildings amounting to RMB nil (2023: RMB65,830,000) were pledged to the banks to secure the bank loans granted to the Group.

The management estimated the recoverable amounts and recognised relevant impairment loss as a result of the general economic uncertainty in the global market.

At 31 December 2024, the recoverable amounts of the Group's property, plant and equipment, determined using income approach, attributable to wigs CGU, clothing and others CGU and fabric care, personal hygiene and home care products CGU were RMB25,370,000, RMB141,290,000 and RMB25,171,000 (2023: RMB31,160,000, RMB156,220,000 and RMB58,564,000) respectively. The recoverable amounts as at 31 December 2024 has been arrived based on a value in use estimation carried out by an independent professional qualified valuer Peak Vision Appraisals Limited. During the year ended 31 December 2024, impairment loss of RMB11,315,000 (2023: RMB3,772,000) was recognised for property, plant and equipment.

The recoverable amounts of the Group's property, plant and equipment are determined using income approach which adopted the discounted cash flow method, net of future cash outflow, using a pre-tax discount rate. When actual cash flow differs materially from the estimated cash flow, adjustments have been made to the estimated value in use.

The most significant inputs, all of which are unobservable, are the selling price growth rate, terminal growth rate, gross profit ratio and discount rate. The estimated value in use increases if the estimated cash flow increases or if discount rate (weighted average cost of capital) decline. The overall valuations are sensitive to all assumptions. Management considers the range of reasonably possible alternative assumptions is the greatest for value in use and that there is an interrelationship between these inputs.

	As at 31 December 2024	As at 31 December 2023
CGU of wigs		
– selling price growth rate	2%	2%–3%
– terminal growth rate	3%	3%
– gross profit ratio	25%–26%	23%–27%
– pre-tax discount rate	23.2%	19.7%
CGU of clothing and others (including cosplay costumes, sexy lingerie and others)		
– selling price growth rate	2%	2%–3%
– terminal growth rate	3%	3%
– gross profit ratio	25%–26%	23%–26%
– pre-tax discount rate	23.4%	21%
CGU of fabric care, personal hygiene and home care products		
– selling price growth rate	2.5%–3.5%	2.20%–5%
– terminal growth rate	2%	2.20%
– gross profit ratio	31%–32%	30%–33%
– pre-tax discount rate	23.9%	25.3%

15. INTANGIBLE ASSETS

	Trademark <i>RMB'000</i>	Patent <i>RMB'000</i>	Total <i>RMB'000</i>
Cost			
As at 1 January 2023, 31 December 2023 and 31 December 2024	12,713	6,301	19,014
Accumulated amortisation			
As at 1 January 2023	10,058	525	10,583
Charge for the year	2,655	1,260	3,915
As at 31 December 2023 and 1 January 2024	12,713	1,785	14,498
Charge for the year	–	1,260	1,260
As at 31 December 2024	12,713	3,045	15,758
Net book amount			
As at 31 December 2024	–	3,256	3,256
As at 31 December 2023	–	4,516	4,516

The amortisation charge for the year is included in “administrative and other operating expenses” on the face of the consolidated statement of profit or loss and other comprehensive income.

16. INVENTORIES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Raw materials	14,300	11,753
Work in progress	2,805	1,783
Finished goods	5,057	9,802
	22,162	23,338

17. TRADE AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables		
– from third parties	14,214	42,034
Less: ECL allowance	(5,996)	(4,867)
	<u>8,218</u>	<u>37,167</u>
Deposits, prepayments and other receivables		
Prepayments	5,703	14,257
Other tax receivables	2,370	860
Deposits	3,582	1,041
Other receivables	528	7,189
	<u>12,183</u>	<u>23,347</u>
	<u>20,401</u>	<u>60,514</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 (2023: 45 to 90 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 ECL allowance, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0–30 days	4,228	17,261
31–60 days	658	10,512
61–90 days	1,368	4,819
91–365 days	1,964	4,107
Over 365 days	–	468
	<u>8,218</u>	<u>37,167</u>

As at 31 December 2024, ECL allowance of RMB5,996,000 (2023: RMB4,867,000) was recognised.

The ECL rate for trade receivables as at 31 December 2024 and 2023 was determined as follows:

	2024	2023
0–30 days	2.88%	2.91%
31–60 days	4.43%	4.52%
61–90 days	6.82%	6.93%
91–365 days	21.32%	20.28%
Over 365 days	100.00%	90.00%

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At 1 January	4,867	1,594
Net ECL allowance recognised during the year	<u>1,129</u>	<u>3,273</u>
At 31 December	<u><u>5,996</u></u>	<u><u>4,867</u></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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current		
Trade payables		
– To third parties	<u>10,179</u>	<u>9,109</u>
Accrued charges and other payables		
– Salaries payables	5,610	6,943
– Other tax payables	5,011	2,813
– Other payables	2,487	3,477
– Consideration payable	<u>–</u>	<u>7,318</u>
	<u>13,108</u>	<u>20,551</u>
	<u>23,287</u>	<u>29,660</u>

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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0–30 days	<u>10,179</u>	<u>9,109</u>

19. CONTRACT LIABILITIES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Contract liabilities arising from receiving deposits of manufacturing orders	<u>2,587</u>	<u>45</u>

When the Group receives a deposit before the production activity commences, this will give rise to contract liabilities at the start of a contract until the revenue recognised on the contract exceeds the amount of the deposit.

All the outstanding contract liabilities at beginning of the year have been recognised as revenue during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

	2024		2023		Increase (decrease) of revenue approximate %
	Revenue RMB'000	% of total	Revenue RMB'000	% of total	
CMS business	153,139	63.7%	208,646	58.7%	(26.6)%
OBM business	87,188	36.3%	147,029	41.3%	(40.7)%
Total	<u>240,327</u>	<u>100.0%</u>	<u>355,675</u>	<u>100.0%</u>	(32.4)%

Revenue by operating and reportable segments

	2024		2023		Increase (decrease) of revenue approximate %
	Revenue RMB'000	% of total	Revenue RMB'000	% of total	
Wigs	32,186	13.4%	42,096	11.8%	(23.5)%
Clothing and others	174,206	72.5%	229,555	64.5%	(24.1)%
Fabric care, personal hygiene and home care products	33,935	14.1%	84,024	23.6%	(59.6)%
Total	<u>240,327</u>	<u>100.0%</u>	<u>355,675</u>	<u>100.0%</u>	(32.4)%

Our revenue from both the CMS business and the OBM business decreased from RMB355.7 million for the year ended 31 December 2023 to RMB240.3 million for the year ended 31 December 2024, representing a decrease of 32.4%.

To improve our production efficiency and to encourage collaboration among companies in our upstream and downstream industries, we established the Party Culture Industrial Park (the “**Park**”), along with the E-commerce Operation Centre and Service and Experience Centre (the “**Centre**”). We also entered into a lease agreement for the Feifeng Road Premises (“**Feifeng Road Premises**”) and began sub-leasing parts of our properties to relevant industry companies to optimize asset utilization. Given the recent trend of our properties being under-utilized, the Company has been regularly reviewing investment opportunities and exploring alternatives to passive sub-leasing income.

In response to rising production costs in Yiwu City, Zhejiang Province, PRC (such as increased wages and labor shortages), the Group plans to gradually relocate its wig and clothing production lines to an existing manufacturing site in Yichun City, Jiangxi Province (the “**Relocation Plan**”). This move aims to enhance overall production efficiency and reduce costs. On 19 November 2024, the Company signed an equity transfer agreement to sell the manufacturing site in Yiwu City. More details can be found in the sub-section titled “Significant Events” on page 30 of this announcement.

Gross income from leasing of factory premises of approximately RMB6,867,000 (2023: RMB5,952,000) were recognized during the year ended 31 December 2024 and included in other income on the face of the consolidated statement of profit or loss and other comprehensive income.

Loss attributable to the equity holders of the Company increased from approximately RMB23.9 million for the year ended 31 December 2023 to approximately RMB66.9 million for the year ended 31 December 2024.

FINANCIAL REVIEW

Revenue and gross profit

	2024		2023		Revenue % change
	Revenue <i>RMB'000</i>	Gross profit margin	Revenue <i>RMB'000</i>	Gross profit margin	
CMS business					
Cosplay costumes	119,866	18.1%	163,923	21.8%	(26.9)%
Cosplay wigs	20,409	18.9%	29,628	20.8%	(31.1)%
Sexy lingerie	170	16.9%	4,104	24.4%	(95.9)%
Fabric care, personal hygiene and home care products	7,816	11.1%	2,771	29.0%	182.1%
Others	4,878	45.6%	8,220	32.5%	(40.7)%
	<u>153,139</u>	18.7%	<u>208,646</u>	22.2%	(26.6)%
OBM business					
Cosplay costumes	46,467	22.9%	33,846	22.5%	37.3%
Cosplay wigs	11,777	22.5%	12,468	24.0%	(5.5)%
Sexy lingerie	2,825	32.4%	17,468	25.1%	(83.8)%
Fabric care, personal hygiene and home care products	26,119	14.2%	81,253	31.7%	(67.9)%
Others	–	–%	1,994	(1.0)%	(100.0)%
	<u>87,188</u>	20.6%	<u>147,029</u>	27.7%	(40.7)%
Total	<u><u>240,327</u></u>	19.4%	<u><u>355,675</u></u>	24.5%	(32.4)%

Revenue

CMS business

During the year ended 31 December 2024, our revenue derived mainly from our CMS business, representing approximately 63.7% (2023: 58.7%) of the total revenue. Revenue derived from the CMS business decreased from approximately RMB208.6 million in 2023 to approximately RMB153.1 million in 2024, representing a decrease of approximately 26.6%.

OBM business

The revenue derived from our OBM business decreased from approximately RMB147.0 million in 2023 to approximately RMB87.2 million in 2024, representing a decrease of approximately 40.7%.

During the year 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 RMB56.6 million or 28.0%. Conversely, the Group's sales of wigs, and clothing and others from the OBM business increased by approximately RMB9.9 million or 20.6% due to our own brand's competitive price, brand recognition and product quality.

However, due to intensified market competition in the sexy lingerie category, total sales from both the CMS and OBM segments decreased by approximately RMB 18.6 million, or 86.1%. The Group remains committed to enhancing product precision and actively seeks to engage new customers and explore new markets, particularly in the high-end sector.

The sales from fabric care, personal hygiene and home care products from both the CMS and the OBM business decreased by approximately RMB50.1 million or 59.6%. Such decrease was mainly due to underperformance on the e-commerce distributor and the increased competition in the market during the year ended 31 December 2024. In response to this challenge, we are revitalizing our sales strategy by developing our own sales channels and investing in targeted marketing campaigns to enhance brand awareness.

Leasing business

Our Park, the Centre and the Feifeng Road Premises were 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 also sub-leased part of the Yiwu Production Plant and the Yichun Production Plant to other local enterprises with the view to better utilize the assets of the Group. Gross income from leasing of these premises of approximately RMB6,867,000 (2023: RMB5,952,000) were recognized during the year ended 31 December 2024 and included in "other income" in the consolidated statement of profit or loss and other comprehensive income.

Gross profit margin

Our gross profit margin decreased from approximately 24.5% in 2023 to approximately 19.4% in 2024. The decrease in the gross profit margin was mainly due to the decrease in the margin contributed by the cosplay wigs, cosplay costumes and fabric care, personal hygiene and home care products which were affected by the international trade environment.

Cost of sales

The costs of sales decreased by approximately RMB74.9 million, from approximately RMB268.6 million in 2023 to approximately RMB193.7 million in 2024.

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 RMB1.8 million, from approximately RMB17.1 million in 2023 to approximately RMB18.9 million in 2024. The increase was primarily due to the increase in rental income from operating leases of investment properties of approximately RMB0.9 million and exchange gain of approximately RMB2.6 million and offset by the decrease in utility income of approximately RMB2.5 million.

Selling expenses

Our selling expenses increased by approximately RMB7.8 million, from approximately RMB7.7 million in 2023 to approximately RMB15.5 million in 2024. The increase was primarily due to the increase in advertisement expense incurred for the fabric care, personal hygiene and home care products businesses.

Administrative and other operating expenses

Our administrative and other operating expenses decreased by approximately RMB6.9 million, from approximately RMB93.8 million in 2023 to approximately RMB86.9 million in 2024. The decrease was primarily due to the increase in research and development costs of approximately RMB4.9 million and offset by the decrease in loss on disposal of property, plant and equipment of approximately RMB9.3 million.

ECL allowance of trade receivables

The Group had 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 year ended 31 December 2024, impairment loss on property, plant and equipment of approximately RMB11.3 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.

Impairment loss on goodwill

The impairment loss on goodwill related to the CGU for the fabric care, personal hygiene, and home care products business amounted to approximately RMB8.4 million (2023: nil). This impairment loss is primarily attributed to a significant decline in operating revenue and losses incurred in 2024, which adversely affected the recoverable amount of goodwill associated with this CGU. The decrease in the operating revenue and the subsequent losses were largely driven by underperformance from the e-commerce distributor and heightened market competition during the year ended 31 December 2024.

In light of the current sluggish demand within the industry and in accordance with applicable accounting principles, the Group has adopted a conservative approach to forecasting future sales for the fabric care, personal hygiene, and home care products. This has led to the impairment losses on goodwill for this CGU.

Loss on remeasurement of disposal group held for sale to fair value less costs to sell

On 19 November 2024, the Group entered into an Equity Transfer Agreement to dispose the entire equity interests in a subsidiary which principally engaged in properties holding and leasing of factory premises. Certain parts of the land and properties held by this subsidiary were mainly used as the manufacturing and production site for the Group's business segments of wigs and clothing and others. As at 31 December 2024, the above disposal have not been completed and the assets attributable to the business of the subsidiary were therefore reclassified as assets held for sale. Since the consideration for the disposal is below the fair value of land and properties held by this subsidiary, impairment loss on remeasurement of disposal group held for sale to fair value less costs to sell of approximately RMB11.9 million was recognized during the year ended 31 December 2024.

Fair value loss on financial asset at fair value through profit or loss

The fair value loss on financial asset at fair value through profit or loss of approximately RMB5.1 million recognised in 2023 arose from the 15% equity interests in Diamond Virtue Limited (its subsidiaries, are engaged in the provision of flexible staffing service and recruitment solutions services in the PRC).

Finance costs

During the year ended 31 December 2024, the finance costs of the Group amounted to approximately RMB579,000 (2023: approximately RMB2,566,000), representing a decrease of approximately 77.4% as compared to that for last year. The finance costs of the Group were mainly derived from the interest expenses on bank borrowings and the finance charges on lease liabilities.

Share of loss of associates

Share of loss of associates relates to the Group's associates established for the purpose of developing the cultural tourism business. The Group's share of loss of associates for the year was approximately RMB1,448,000 (2023: RMB46,000).

Income tax

Income tax expenses for the year ended 31 December 2024 was approximately RMB4.0 million (2023: income tax expenses of approximately RMB3.8 million). The increase was mainly due to the increase in deferred tax recognised during the year ended 31 December 2024.

Financial resources and liquidity and capital structure

As at 31 December 2024, the total amount of bank balances and cash of the Group was approximately RMB63.6 million, an increase of approximately RMB14.1 million when compared with that as at 31 December 2023. The increase in bank balances and cash arose mainly from the net proceed of a share placing of approximately HK\$23.1 million (equivalent to approximately RMB21.4 million) and the proceeds from bank borrowing of approximately of approximately RMB9.8 million and the capital expenditure of approximately RMB41.0 million. For the share placing, more details can be found in the sub-section headed "Use of Proceeds" on page 30 of this announcement.

The borrowings of the Group represented bank and other borrowings of approximately RMB18.0 million.

As at 31 December 2024, the current ratio and the gearing ratio were 414.4% and 4.9% 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 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 31 December 2024, the Company's number of issued ordinary shares was 1,773,263,120 ("Share(s)") (2023: 1,477,721,120 Shares).

Capital expenditure

During the year ended 31 December 2024, the Group invested approximately RMB41.0 million in property, plant and equipment.

Pledged of assets

As at 31 December 2024, the Group did not have any pledge of assets.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 December 2024.

Foreign currency exposure

Our exposures to currency risk arose from sales to overseas markets, which are primarily denominated in USD and JPY. These are not our functional currencies to which these sales 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 RMB356,000 was recognised during the year.

Human resources

As at 31 December 2024, we had approximately 564 employees (31 December 2023: 671). Total staff costs for the year ended 31 December 2024 amounted to approximately RMB66.3 million (2023: RMB85.5 million).

Remuneration policy

The Remuneration Policy for the employees (including key management) of the Group was laid down by the management of the Group on the basis of their merit, qualifications and competence. The Remuneration Committee will review and recommend to the Board for approval the Remuneration Policy periodically.

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, will be involved in deciding his own remuneration.

We have adopted a 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 the remuneration and benefits of our employees according to the relevant market practice, employee performance and the financial performance of the Company.

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 31 December 2024, the net proceeds of approximately RMB7.0 million, RMB8.2 million and RMB6.2 million have been fully 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.

SIGNIFICANT EVENTS

Disposal of a property holding company and leaseback of properties

On 19 November 2024 (after trading hours of the Stock Exchange), 派對文化集團有限公司 (Partytime Group Co., Ltd*), being an indirect wholly-owned subsidiary of the Company (as Vendor) entered into an Equity Transfer Agreement with 浙江百慧服飾有限公司 (Zhejiang Bestway Costume & Accessory Co., Ltd), a company established in the PRC with limited liability (as Purchaser) and 浙江中派企業管理有限公司 (Zhejiang Zhongpai Enterprise Management Co., Ltd*) (as the Target Company). Pursuant to the Equity Transfer Agreement, the Vendor has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to purchase, the sale capital, representing the entire equity interests in the Target Company, for a consideration of RMB80,000,000 (the “**Disposal**”). The Disposal was duly approved by the Shareholders by way of poll at an extraordinary general meeting held on 5 March 2025.

The Target Company was a company established in the PRC in March 2024 with limited liability. The Target Company is principally engaged in properties holding and leasing of factory premises. Certain parts of the land and properties held by the Target Company were mainly used as the manufacturing and production site for the Group's business segments of wigs and clothing and others.

On the same date (after trading hours of the Stock Exchange), the Vendor (as tenant) and the Target Company (as landlord) entered into a Leaseback Agreement. Pursuant to the Leaseback Agreement, if the Disposal materialises, a Vendor has conditionally agreed to lease back the properties from the Target Company for a term of three (3) years commencing from the Commencement Date defined in the Leaseback Agreement for an annual rent of RMB2,459,900 for the first year, RMB2,582,895 for the second year and RMB2,712,040 for the third year.

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Disposal exceed(s) 75%, the entering into of the Equity Transfer Agreement constitutes a very substantial disposal on the part of the Company under the Listing Rules, and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to HKFRS 16, the entering into of the Leaseback Agreement as tenant will require the Group to recognise the properties as the right-of-use assets on its consolidated statement of financial position, thus the Leaseback Agreement and the transactions contemplated thereunder will be regarded as an acquisition of assets by the Group under the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) calculated based on the value of the right-of-use assets recognised by the Group pursuant to HKFRS 16 under the Leaseback Agreement is/are more than 5% but all of the percentage ratios are less than 25%, the entering into of the Leaseback Agreement constitutes a discloseable transaction on the part of the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

Details of the Disposal and Leaseback of properties are set out in the Company's announcements dated 19 November 2024, 24 December 2024, 15 January 2025, 24 January 2025 and 5 March 2025, and circular dated 13 February 2025.

EVENT AFTER THE REPORTING PERIOD

Save as the Disposal was duly approved by the Shareholders by way of poll at an extraordinary general meeting on 5 March 2025 disclosed in sub-section headed "Significant events" on page 30 in this announcement, on 26 March 2025, the Company entered into the Warrant Subscription Agreement with the Subscriber, pursuant to which the Company conditionally agreed to issue to the Subscriber the Warrants conferring the rights to subscribe for the Warrant Shares (representing a maximum of 354,652,624 Shares) at a nominal Subscription Price of HK\$1.00. Subject to the fulfillment of the Exercise Conditions to the satisfaction of the Company (failure to fulfill so shall render the Warrant lapsed and cancelled immediately), the subscription rights attached to the Warrants will be exercisable for a period of five years from the date of issue.

Details of the Warrants issuance are set out in the Company's announcement dated 26 March 2025.

PROSPECTS

Looking forward, the global economic landscape remains complex. Inflation is gradually easing, but elevated interest rates continue to weigh on growth. Geopolitical tensions and uneven recoveries across major economies contribute to market uncertainties, affecting global trade and investment.

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 acquiring of intellectual property right with potential growth and collaborating with companies in 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.

CORPORATE GOVERNANCE REPORT

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 year ended 31 December 2024.

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 nearly 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 C3 to the Listing Rules. Having made specific enquiry of all Directors, the Company confirmed that all Directors had complied with the required standard set out in the Model Code throughout year ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities during the year ended 31 December 2024.

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. Zheng Jin Min (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 2024 in conjunction with the Company’s external auditor.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2024 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Grant Thornton on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS AND 2024 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 2024 annual report of the Company for the year ended 31 December 2024 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
Teng Hao
Chairman

Hong Kong, 28 March 2025

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.

* For identification purposes only