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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE LEASE AGREEMENT

THE LEASE AGREEMENT

The Board is pleased to announced that on 30 September 2020, Partytime Yiwu Costume (an indirectly wholly-owned subsidiary of the Company) as the tenant and Yiwu Chian Town as the landlord entered into the Lease Agreement in respect of the Premises for a term of 4 years from 1 October 2020 to 30 September 2024.

LISTING RULES IMPLICATIONS

Upon implementation of HKFRS 16 effective from 1 January 2019, the Group, if entering into a lease transaction as a lessee, should recognise the right-of-use assets on the consolidated statement of financial position of the Group according to HKFRS 16. Under the Listing Rules, the entering into a lease transaction by the Group as a lessee effective from 1 January 2019 will be regarded as an acquisition of asset under the definition of transaction in Rule 14.04(1)(a) of 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 Lease Agreement exceed 5% but 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.

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KEY TERMS OF THE LEASE AGREEMENT

Date	:	30 September 2020
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)
Uses	:	the Premises shall be used solely for equipment manufacture, packaging, daily necessities, textile and garment industries and their related industries
Lease Term	:	4 years from 1 October 2020 to 30 September 2024
Rent	:	RMB3,184,799 per annum The rent under the Lease Agreement was determined on arm's length negotiations under open tender through the Yiwu Public Resources State-owned Property Rights Trading Center* (義烏市公共資源國有產權交易中心) and taking into consideration the prevailing market prices of comparable premises.
Security deposit	:	RMB636,960, equivalent to the 20% of the first year rent
Total aggregate value of consideration payable	:	approximately RMB12.74 million
Manner of payment	:	RMB3,821,759, being the sum of the security deposit and the first year rent, was paid upon signing of the Lease Agreement. The annual rents for the subsequent years are payable one month in advance of commencement of each rental year.

The rental payment and the security deposit were paid/will be paid through the Group's internal source of funding.

RIGHT-OF-USE ASSETS

The value of the right-of-use asset to be recognised by the Company under the Lease Agreement is estimated to be approximately RMB11.88 million (unaudited), being the present value of the aggregate lease payments using the rate applicable at the commencement date of the Lease Agreement in accordance to HKFRS 16. The discount rate of approximately 4.80% is applied to compute the present value of the aggregate lease payments under the Lease Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT

As disclosed in the 2019 Annual Report, the Group established a "Party Culture Industrial Park" in Yiwu, the PRC, in order to further enhance the Group's production efficiency and to foster the collaboration of companies of the Group's upstream and downstream industries. Furthermore, as disclosed in "Our Business Strategies" in the 2019 Annual Report, it is the Group's business strategies to seek for collaboration of companies of the Group's upstream and downstream industries to further enhance the Group's production efficiency.

The Directors believe that the Premises is located at a convenient location near the Group's existing Party Culture Industrial Park, which also allows the Group to further expand the collaboration with the companies of the Group's upstream and downstream industries. The Group will sub-lease the Premises 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 Lease Agreement are 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 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, sales and marketing of cosplay products (including cosplay costumes and cosplay wigs) and sexy lingerie.

Partytime Yiwu Costume is an indirectly wholly-owned subsidiary of the Company which is established in the PRC and is principally engaged in the design, development, production, sales and marketing of cosplay products (including cosplay costumes and cosplay wigs) and sexy lingerie.

Based on publicly available information, Yiwu Chian Town is a company established in the PRC on 6 December 1994 with a registered capital of RMB20 million. 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 owned as to 60% by Chian Town Agricultural Services Center* (赤岸鎮農業服務中心) and 40% by Chian Town Industrial and Commercial Enterprise Services Center* (赤岸鎮工商企業服務中心). 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.

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DEFINITIONS

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

“2019 Annual Report”	annual report of the Company for the year ended 31 December 2019
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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, which shall, for the purposes of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each 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
Lin Xin Fu
Chairman

Hong Kong, 30 September 2020

As at the date of this announcement, the Board comprises (i) three Executive Director, namely Mr. Lin Xin Fu; Mr. Ma Chi Kwan and Mr. Xu Chengwu; (ii) one Non-executive Director, namely Ms. Chen Sheng; and (iii) three Independent Non-executive Directors, namely Mr. Zheng Jin Min; Mr. Chen Wen Hua and Ms. Peng Xu.

* *Translation for identification purposes*