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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 – DISPOSAL OF ENTIRE EQUITY INTEREST IN A WHOLLY OWNED SUBSIDIARY OF THE COMPANY

THE DISPOSAL

On 29 December 2021 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Equity Interest (representing the entire equity interest of the Target Company) at a total consideration of RMB5.11 million.

Immediately after Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated in the Group's forthcoming consolidated financial statements.

LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to notification and announcement requirements under the Listing Rules.

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The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are as follow:

- Date : 29 December 2021 (after trading hours)
- Parties : (1) The Vendor; and
(2) The Purchaser
- Assets to be disposed of : Pursuant to the Sale and Purchase Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Equity Interest (representing the entire equity interest of the Target Company).
- Consideration : The Consideration is RMB5.11 million and shall be paid by the Purchaser to the Vendor within three business days from the date of the Sale and Purchase Agreement.
- The Consideration was determined after arm’s length negotiations between the Vendor and the Purchaser with reference to, among others, (i) paid up registered capital in the Target Company of RMB5.0 million; (ii) the unaudited net assets value of the Target Company as at 30 November 2021; and (iii) the expected benefits of the Disposal to the Company as detailed in the section headed “Reasons for and benefits of the Disposal” in this announcement.
- Conditions precedent : Pursuant to the terms of the Sale and Purchase Agreement, Completion shall be subject to and conditional upon the Target Company having obtained the necessary authorisation in relation to the Disposal, the necessary approval or waiver (if any) having been obtained from the relevant government authorities and any third party, and the Group having complied with all reporting announcement, circular and shareholders’ approval requirements (if any) under the Listing Rules.
- Completion : The Vendor shall cooperate with the Target Company to complete the business registration of the change of shareholding in the Target Company in relation to the Disposal which shall take place within three business days after the Purchaser paid the Consideration in accordance to the Sale and Purchase Agreement and all the conditions precedent have been fulfilled.

INFORMATION ON THE TARGET COMPANY

As at the date of this announcement, the Target Company is a company established in the PRC with limited liability and is owned as to 100% by the Vendor. The principal business activity of the Target Company is manufacturing and sale of cosplay wigs and leasing factory premises.

Set out below is a summary of the financial information of the Target Company for the years ended 31 December 2019 and 2020 and for the six months ended 30 June 2021 and prepared in accordance with the accounting principles generally accepted in Hong Kong:

	For the financial year ended		For the six months
	31 December		ended 30 June
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(approx.)</i>	<i>(approx.)</i>	<i>(approx.)</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Revenue	44,266	34,108	3,587
Net Profit (loss) before taxation	6,053	1,965	(1,639)
Net Profit (loss) after taxation	5,389	1,940	(1,466)

The unaudited net asset value of the Target Group as at 30 November 2021 was approximately RMB5.1 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Target Company was established in 2004 and was engaged in manufacturing and sale of cosplay wigs by using the production facilities in the Group's production plant in Yiwu ("Yiwu Plant"). As the Group had another production plant in Yichun ("Yichun Plant") for manufacturing cosplay wigs which had excess production capacity since the significant drop in sales of cosplay wigs as disclosed in the 2021 interim report, the manufacturing process of cosplay wigs of the entire Group will be re-located to Yichun Plant whilst Yiwu Plant will be focusing on the manufacturing of cosplay costumes. The Directors are of the view that the Disposal will enable the Group to re-allocate the manufacturing capacity and better utilise the excess production capacity for cosplay wigs in Yichun Plant and reduce the overall administration cost and enhance the production efficiency, which is beneficial to the long term development of the Group.

Further, as disclosed in the annual report 2020 of the Company and the announcement of the Company dated 20 September 2021, the Target Company previously entered into a number of lease agreements in respect of the Party Culture Industrial Park. Such lease agreements were novated to the Vendor before the Disposal and it is expected that the operation of the Party Culture Industrial Park by the Group would not be affected by the Disposal.

Based on the above reasons and having considered all relevant factors, the Directors believe that the terms of the Sale and Purchase Agreement are fair and reasonable and entering into the Sale and Purchase Agreement is in the interests of the Company and its shareholders as a whole.

FINANCIAL IMPACT OF THE DISPOSAL

The net proceeds from the Disposal (after deducting transaction costs and professional expenses) are approximately RMB5.1 million. The Group intends to use such net proceeds as general working capital and/or financing for future business opportunities of the Group.

Upon Completion, it is envisaged that the Group will not record any material gain or loss on the Disposal, with reference to the Consideration and the current carrying value of the Target Company as at 30 November 2021. The actual amount of gain arising from the Disposal is subject to audit and may be different from the estimated amount.

Having taking into consideration of the reasons for the Disposal as stated under the paragraph headed “Reasons for and benefits of the Disposal” above, the Company is of the view that the Disposal is in the interests of the Group as a whole.

Immediately after Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated in the Group’s forthcoming consolidated financial statements.

INFORMATION ON THE PARTIES

The Group is principally engaged in design, development, production, sales and marketing of cosplay products (including cosplay costumes and cosplay wigs) and sexy lingerie and leasing factory premises.

The Vendor is a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. The principal business activity of the Vendor is manufacturing and sale of cosplay costumes, cosplay wigs and sexy lingerie and leasing factory premises.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Purchaser is a merchant in the PRC and is an Independent Third Party.

LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to notification and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors;
“Company”	China Partytime Culture Holdings Limited, 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;
“Completion”	completion of the Disposal;
“Consideration”	the total consideration of RMB5.11 million payable under the Disposal pursuant to the Sale and Purchase Agreement;
“Director(s)”	Director(s) of the Company;
“Disposal”	the disposal of the Sale Equity Interest by the Vendor to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	any person(s) or companies and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are third party(ies) independent of the Company and connected persons (as defined under the Listing Rules) of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which shall, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Purchaser”	Li Yuanxiang (李遠想) who is an Independent Third Party;
“RMB”	Renminbi, the lawful currency of the PRC;

“Sale and Purchase Agreement”	the sale and purchase agreement dated 29 December 2021 entered into between the Vendor and the Purchaser in relation to the Disposal;
“Sale Equity Interest”	the registered capital of RMB5.0 million of the Target Company, representing the entire equity interest of the Target Company;
“Share(s)”	share(s) in the Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Target Company”	Yiwu Stuler Cultural & Creative Co., Ltd.* (義烏市絲黛文化創意有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company before the Disposal;
“Vendor”	Partytime Group Co., Ltd* (派對文化集團有限公司), a company incorporated in PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“%”	per cent.

In this announcement, the English names of the PRC entities marked with “” are translations of their Chinese names, and are included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.*

By Order of the Board
China Partytime Culture Holdings Limited
Chen Sheng
Chairlady and Executive Director

Hong Kong, 29 December 2021

As at the date of this announcement, the Executive Directors are Ms. Chen Sheng, Mr. Xu Chengwu and Mr. Ma Chi Kwan; and the Independent Non-executive Directors are Mr. Chen Wen Hua, Ms. Peng Xu and Mr. Zheng Jin Min.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.