

*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)**

## **VOLUNTARY ANNOUNCEMENT DISPOSAL OF CONVERTIBLE BONDS**

### **THE DISPOSAL**

The Board hereby announces that on 15 March 2021, the Vendor and the Purchaser entered into the Sale and Purchase Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale CB for the cash consideration of HK\$10.0 million (approximately RMB8.34 million).

### **LISTING RULES IMPLICATIONS**

As all of the relevant applicable percentage ratios under Chapter 14 of the Listing Rules in relation to the Disposal are less than 5%, the Disposal is not subject to any disclosure requirements pursuant to Chapter 14 of the Listing Rules. This announcement is made on a voluntary basis to provide a business update of the Company to the investors.

### **INTRODUCTION**

References are made to the announcements of the Company dated 23 February 2018, 2 March 2018 and 15 March 2018 in relation to the subscription of the Sale CB. The Board hereby announces that on 15 March 2021, the Vendor and the Purchaser entered into the Sale and Purchase Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale CB for the cash consideration of HK\$10.0 million (approximately RMB8.34 million).

## THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as follows.

**Date:** 15 March 2021

**Parties:**

- (1) the Vendor, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company; and
- (2) the Purchaser, a company established in the PRC with limited liability which is principally engaged in radio, television, film and recording production, and culture and art related business. As at the date of this announcement, to the knowledge of the Directors, the identity of the ultimate beneficial owner of the Purchaser is Pan Liyu\* (潘儷予). To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

### **The Sale CB to be disposed of**

On 23 February 2018, the Issuer as the issuer and the Vendor as the subscriber entered into the Subscription Agreement to subscribe for the Sale CB. The principal terms and conditions of the Sale CB and the information of the Issuer are set out in the Announcement. As at 30 June 2020, the Sale CB has the fair value of approximately RMB2.0 million.

### **Consideration**

The consideration of HK\$10.0 million was determined based on the arm's length negotiations between the Vendor and the Purchaser with reference to the principal amount of the Sale CB, the remaining time on maturity date, the chance of recovery of the outstanding principal and interests of the Sale CB, the fair value of the Sale CB, the gain on disposal to be recorded from the disposal of the Sale CB and the reasons for and benefits of the Disposal as mentioned in the paragraph headed "Reasons for and benefits of the Disposal" below.

### **Completion**

Completion shall take place on the Completion Date. The consideration shall be fully settled in cash by the Purchaser upon Completion.

## **FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

After the completion of the transactions under the Sale and Purchase Agreement, the Board expects that the Company will record an unaudited gain of approximately RMB6.34 million for the Disposal based on the fair value of the Sale CB of approximately RMB2.0 million recorded in the interim financial statement for the six months ended 30 June 2020 and the consideration of HK\$10.0 million (approximately of RMB8.34 million). The actual gain on the Disposal to be recorded is subject to audit and may be different from the estimated amount as it will depend on, amongst other factors, the fair value of the Sale CB as at the date of Completion. The Group intends to use the proceeds from the Disposal for any further attractive investments when the opportunity arises or for general working capital.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

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 and leasing factory premises.

As disclosed in the Announcement, the Vendor subscribed for the Sale CB in 2018 after considering the business and prospects of the Issuer, taking into account the Nickelodeon themed and branded theme park project using the approved licensed property elements granted by Viacom Media Networks (“VMN”), a division of Viacom International Inc., under the License Agreement and the then market conditions and based on the undertakings given by the Issuer under the Subscription Agreement that the Rights would be novated or assigned by Elite Global, the holding company of the Issuer, to Foshan Elite Nickelodeon, a subsidiary of the Issuer, or a wholly owned subsidiary of the Issuer within three months from the date of the Subscription Agreement or such other period as agreed by the Issuer and the Vendor in writing. To protect the interest of the Group, a deed of guarantee has been executed by Elite Global and Ms. Lam Suet Fan, the sole shareholder of Elite Global, as the guarantors to secure the due performance by the Issuer of the obligations under the Sale CB. However, up to and as at the date of this announcement, the Issuer has been in default in paying the interests under the Sale CB and the Rights has not yet been assigned to Foshan Elite Nickelodeon. As a result of the Issuer’s default, a fair value loss on FVTPL of approximately RMB60.5 million was recognised by the Group during the year ended 31 December 2019. According to the representations of the Issuer, the default was caused by an unexpected delay in obtaining funds from investors to carry out the Project which led to a delay in the implementation of the development plan of the Project especially after the outbreak of the COVID-19 globally and the subsequent quarantine measures as well as the travel restrictions imposed by various countries had further restricted meeting with investors.

To the best knowledge, information and belief of the Directors and according to the representations of the Issuer, as at the date of this announcement, VMN had approved the investor's participation in the project and the revised project milestones. However, solid capital budget, financing commitment, project schedule for the design, development, construction and operation of the theme park are still pending to be submitted to and approved by VMN, and those would take further 14 to 20 months for finalization.

Having considered the continuing default of the Issuer and the chance of recovery of the principal amount and interests of the Sale CB, the significant uncertainties from the post-COVID-19 business environment, especially COVID-19 has drastically changed the entire travel and tourism landscape which resulted the expected low ebb for the next several years. The Board is of the view that the Disposal provides a chance to the Group to mitigate its loss in and exit from the investment in the Sale CB. Further, the Disposal can generate immediate available funds for the Group. In view of the above, the Directors considered that the Sale and Purchase Agreement is 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 Sale and Purchase Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Despite the Disposal, the Board will consider the costs and benefits, and does not preclude any possibility, of commencing legal actions against the Issuer and the relevant parties for the loss suffered by the Group as a result of the Issuer's default of its obligations under the Sale CB.

## **LISTING RULES IMPLICATION**

As all of the relevant applicable percentage ratios under Chapter 14 of the Listing Rules in relation to the Disposal are less than 5%, the Disposal is not subject to any disclosure requirements pursuant to Chapter 14 of the Listing Rules. This announcement is made on a voluntary basis to provide a business update of the Company to the investors.

## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 23 February 2018 relating to the subscription of the Sale CB
“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
“Completion”	the completion of the Disposal
“Completion Date”	15 March 2021
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	disposal of the Sale CB by the Vendor to the Purchaser pursuant to the terms of the Sale and Purchase Agreement
“Elite Global (Foshan)”	Elite Global (Foshan) Limited 卓越環球（佛山）有限公司, a company incorporated in Hong Kong with limited liability and a subsidiary of the Issuer
“Elite Global”	Elite Global Group Limited 卓越環球集團有限公司, a company incorporated in Hong Kong with limited liability, sole shareholder of the Issuer
“Foshan Elite Nickelodeon”	佛山市卓越尼克旅遊開發有限公司, a company established in the PRC with limited liability, a 70% owned subsidiary of the Elite Global (Foshan)
“FVTPL”	fair value through profit or loss
“Group”	the Company and its subsidiaries

“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
“Issuer”	Charm Success Global Investment Limited, a company incorporated in the British Virgin Islands with limited liability
“License Agreement”	the license agreement between Viacom Media Networks and Elite Global dated 3 March 2015 and tender notice dated 15 December 2015 pursuant to which Viacom Media Networks granted to Elite Global certain licensed rights in relation to Nickelodeon themed and branded theme park
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Purchaser”	Xiamen Century Lingzhi Culture Media Co., Ltd.* (廈門市世紀領智文化傳媒有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement between the Vendor and the Purchaser dated 15 March 2021 in relation to the sale and purchase of the Sale CB
“Sale CB”	redeemable 6% fixed coupon secured convertible bond(s) of an aggregate principal amount of HK\$70.0 million issued by the Issuer on 15 March 2018
“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

“Subscription Agreement”	the subscription agreement dated 23 February 2018, entered into between the Issuer and the Vendor in relation to the subscription of the Sale CB
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Vendor”	Unlock Bound Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“%”	per cent

By order of the Board  
**China Partytime Culture Holdings Limited**  
**Chen Sheng**  
*Chairlady*

Hong Kong, 15 March 2021

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

\* *Translation for identification purposes*