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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 RENEWAL OF LEASE AGREEMENTS

RENEWAL OF LEASE AGREEMENTS

The Board is pleased to announced that on 20 September 2021, (i) Yiwu Styler (an indirect wholly-owned subsidiary of the Company) as the tenant and Yiwu Investment as the landlord entered into the Lease Agreement A in respect of Premises A for a term of three years and three months from 1 October 2021 to 31 December 2024 at an aggregate rental of approximately RMB4.65 million; and (ii) Yiwu Partytime (an indirect wholly-owned subsidiary of the Company) as the tenant and Yiwu Investment as the landlord entered into the Lease Agreement B in respect of Premises B for a term of three years and three months from 1 October 2021 to 31 December 2024 at an aggregate rental of approximately RMB6.44 million.

LISTING RULES IMPLICATIONS

Reference is made to the announcement of the Company dated 30 September 2020 in relation to the Previous Lease Agreement.

Pursuant to HKFRS 16, the Company recognizes the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease transaction. Therefore, the entering into a lease transaction by the Group as a lessee will be regarded as an acquisition of asset by the Group under the definition of transaction in Rule 14.04(1)(a) of the Listing Rules.

The relevant applicable percentage ratios (as defined under the Listing Rules) for each of the Lease Agreements are less than 5% and therefore the each of the Lease Agreements does not constitute a discloseable transaction of the Company and is not subject to any disclosure requirements pursuant to Chapter 14 of the Listing Rules.

Nevertheless, pursuant to Rule 14.22 of the Listing Rules, since Yiwu Chian Town (the landlord of the Previous Lease Agreement) and Yiwu Investment have the same ultimate beneficial owner, the Directors consider that the Previous Lease Agreement and the Lease Agreements shall be aggregated as if they were one transaction. As the relevant applicable percentage ratios (as defined under the Listing Rules) for the aggregate transaction amount of the Previous Lease Agreement and the Lease Agreements exceed 5% but all are less than 25%, the Lease Agreements constitute discloseable transactions which are therefore subject to the notification and announcement requirements under the Listing Rules.

INTRODUCTION

The Board is pleased to announced that on 20 September 2021, (i) Yiwu Styler (an indirect wholly-owned subsidiary of the Company) as the tenant and Yiwu Investment as the landlord entered into the Lease Agreement A in respect of Premises A for a term of three years and three months from 1 October 2021 to 31 December 2024 at an aggregate rental of approximately RMB4.65 million; and (ii) Yiwu Partytime (an indirect wholly-owned subsidiary of the Company) as the tenant and Yiwu Investment as the landlord entered into the Lease Agreement B in respect of Premises B for a term of three years and three months from 1 October 2021 to 31 December 2024 at an aggregate rental of approximately RMB6.44 million.

KEY TERMS OF THE LEASE AGREEMENT A

Date	:	20 September 2021
Parties	:	(i) Yiwu Investment as the landlord; and (ii) Yiwu Styler (an indirect wholly-owned subsidiary of the Company) as the tenant
Premises A	:	1–8th floor, Factory 2, Partytime West Block Industrial Park, Chian Town, Yiwu City* (義烏市區赤岸鎮派對服飾西側地塊產業園廠房二1–8層 (with a gross floor area of 13,097.04 square meters)
Uses	:	Premises A shall be for industrial use
Lease Term	:	Three years and three months from 1 October 2021 to 31 December 2024
Rent	:	Approximately RMB1.51 million per annum for the first year with increment of 3% per year thereafter. The rent for the period from 1 October 2024 to 31 December 2024 is waived by Yiwu Investment.

The rent under the Lease Agreement A was determined on arm's length negotiations taking into account the prevailing market rent of comparable premises and the expected profit in subleasing of Premises A.

- Security deposit : Approximately RMB0.15 million, being 10% of the first year rent
- Aggregate rental : Approximately RMB4.65 million
- Manner of payment : The first year rent and the security deposit shall be paid to Yiwu Investment within three business days from the date of the Lease Agreement A. The second year rent and third year rent shall be paid to Yiwu Investment one month in advance.

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

KEY TERMS OF THE LEASE AGREEMENT B

- Date : 20 September 2021
- Parties : (i) Yiwu Investment as the landlord; and
(ii) Yiwu Partytime (an indirect wholly-owned subsidiary of the Company) as the tenant
- Premises B : 1-5 and 8th floor, Factory 3, Partytime West Block Industrial Park, Chian Town, Yiwu City* (義烏市區赤岸鎮派對服飾西側地塊產業園廠房三1-5及8層 (with a gross floor area of 15,910.26 square meters)
- Uses : Premises B shall be for industrial use
- Lease Term : Three years and three months from 1 October 2021 to 31 December 2024
- Rent : Approximately RMB2.08 million per annum for the first year with increment of 3% per year thereafter. The rent for the period from 1 October 2024 to 31 December 2024 is waived by Yiwu Investment.

The rent under the Lease Agreement B was determined on arm's length negotiations taking into account the prevailing market rent of comparable premises and the expected profit on subleasing of Premises B.

Security deposit	:	Approximately RMB0.20 million, being 10% of the first year rent
Aggregate rental	:	Approximately RMB6.44 million
Manner of payment	:	The first year rent and the security deposit shall be paid to Yiwu Investment within three business days from the date of the Lease Agreement B. The second year rent and third year rent shall be paid to Yiwu Investment one month in advance.

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 values of the right-of-use asset to be recognised by the Company under the Lease Agreement A and Lease Agreement B are estimated to be approximately RMB4.39 million (unaudited) and approximately RMB6.08 million (unaudited) respectively, being the present value of the aggregate lease payments using the rate applicable at the commencement date of the Lease Agreements in accordance to HKFRS 16. The discount rates of approximately 5.79% is applied to compute the present value of the aggregate lease payments under each of the Lease Agreements.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENTS

As disclosed in the 2020 annual report of the Company, the Group had established a "Party Culture Industrial Park" (the "**Park**") in Yiwu. The Park, together with the E-commerce Operation Centre and the Service and Experience Centre helped to integrate and co-ordinate with companies of the upstream and downstream industries. The Group intends to develop the leasing of factory premises by entering into the Lease Agreements 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.

Based on the aforesaid, the Directors considered that the transactions contemplated under each of the Lease Agreements 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 each of the Lease Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

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

Yiwu Styler is an indirect 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.

Yiwu Partytime is an indirect 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 Investment is a stated-owned enterprise established in the PRC with limited liability which is principally engaged in management, development and utilization of industrial lands and development of lands in Yiwu. As at the date of this announcement, Yiwu Investment was owned as to 50.98% by Yiwu Economic and Technological Development Zone Management Committee* (義烏經濟技術開發區管理委員會) and 49.02% by Yiwu State-owned Capital Operations Co., Ltd* (義烏市國有資本運營有限公司), and were ultimately owned by the local government of Yiwu City, the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Yiwu Investment and its ultimate beneficial owner(s) are Independent Third Parties.

LISTING RULES IMPLICATION

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The relevant applicable percentage ratios (as defined under the Listing Rules) for each of the Lease Agreements are less than 5% and therefore the each of the Lease Agreements does not constitute a discloseable transaction of the Company and is not subject to any disclosure requirements pursuant to Chapter 14 of the Listing Rules.

Nevertheless, pursuant to Rule 14.22 of the Listing Rules, since Yiwu Chian Town (the landlord of the Previous Lease Agreement) and Yiwu Investment have the same ultimate beneficial owner, the Directors consider that the Previous Lease Agreement and the Lease Agreements shall be aggregated as if they were one transaction. As the relevant applicable percentage ratios (as defined under the Listing Rules) for the aggregate transaction amount of the Previous Lease Agreement and the Lease Agreements exceed 5% but all are less than 25%, the Lease Agreements constitute discloseable transactions which are therefore subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

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

“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 A”	the lease agreement dated 20 September 2021 entered into between Yiwu Styler and Yiwu Investment in respect of Premises A
“Lease Agreement B”	the lease agreement dated 20 September 2021 entered into between Yiwu Partytime and Yiwu Investment in respect of Premises B

“Lease Agreements”	collectively, the Lease Agreement A and Lease Agreement B
“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
“Premises A”	1–8th floor, Factory 2, Partytime West Block Industrial Park, Chian Town, Yiwu City* (義烏市區赤岸鎮派對服飾西側地塊產業園廠房二1–8層)
“Premises B”	1–5 and 8th floor, Factory 3, Partytime West Block Industrial Park, Chian Town, Yiwu City* (義烏市區赤岸鎮派對服飾西側地塊產業園廠房三1–5及8層)
“Previous Lease Agreement”	the lease agreement dated 30 September 2020 entered into between Yiwu Partytime and Yiwu Chian Town, details of which were disclosed in the announcement of the Company dated 30 September 2020
“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

“Yiwu Investment”	Yiwu City Industry Investment Development Group Company Limited* (義烏市產業投資發展集團有限公司), a company established in the PRC with limited liability
“Yiwu Partytime”	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 indirect wholly-owned subsidiary of the Company
“Yiwu Styler”	Yiwu Styler 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
“%”	per cent

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

Hong Kong, 20 September 2021

As at the date hereof, the Board comprises Ms. Chen Sheng, Mr. Xu Chengwu, and Mr. Ma Chi Kwan as executive directors and Mr. Chen Wen Hua, Ms. Peng Xu and Mr. Zheng Jin Min as the independent non-executive directors.

* *Translation for identification purposes*