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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 – FORMATION OF JOINT VENTURE**

#### **FORMATION OF JOINT VENTURE**

The Board hereby announces that on 18 September 2021, Partytime Culture (a wholly-owned subsidiary of the Company), Zhongdun and Lanlu established the JV Company by way of Capital Injection and Partytime Culture agreed to inject RMB32 million as registered capital of the JV Company (representing 32% of the total registered capital of the JV Company upon completion of the Capital Injection) and the first tranche of capital to be injected is RMB3.2 million.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Capital Injection exceeds 5% but is less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement requirement, but is exempt from the circular and Shareholders' approval requirements, under the Listing Rules.

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The principal terms of the Articles governing the operation of the JV Company are set out as follows:

Date of establishment of : 18 September 2021  
the JV Company

Equity holders of the JV Company	: (1) Partytime Culture (2) Zhongdun; and (3) Lanlu
Ownership of the JV Company	: After completion of the Capital Injection, the JV Company will be owned as to 32% by Partytime Culture, 27.2% by Zhongdun and 40.8% by Lanlu.
Capital commitment	: The total registered capital of the JV Company is RMB100 million. The total capital commitment to be made by Partytime Culture, Zhongdun and Lanlu into the JV Company is expected to be RMB100 million, and will be borne on a pro-rata basis with reference to their respective equity holding in the JV Company by way of Capital Injection pursuant to the terms of the Articles.  The amount of the said total capital commitment was arrived at after arm's length negotiation among the parties to the JV Company with reference to the estimated capital requirement of the JV Company. The JV Shareholders expect that the first tranche of capital to be injected is RMB10 million and will be borne on a pro-rata basis among the JV Shareholders with reference to the respective equity holding in the JV Company, and the remaining capital would be paid up as necessary and on or before 31 December 2040.  Pursuant to the terms of the Articles, the total amount of capital to be contributed by the Group is RMB32 million, which will be financed by internal resources of the Group.
Management structure of the JV Company	: The JV Company shall have one executive director, one manager and one supervisor. The executive director and the supervisor shall be elected in shareholders' meetings of the JV Company and the manager shall be selected by the executive director.
Scope of business	: The scope of business of the JV Company is intended to be cultural tourism development and related project planning consultation business.
Completion of the Capital Injection	: The JV Shareholders shall complete the Capital Injection by 31 December 2040.

## **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.

Partytime Culture is a wholly-owned subsidiary of the Company which is established in the PRC and is principally engaged in 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.

Based on the publicly available information, Zhongdun is a company established in the PRC which is principally engaged in technical promotion and application service, and business consultation services, and Zhongdun is effectively and ultimately owned as to 70.44% by Yu Hailong (郁海龍), as to 29% by Zhou Yong (周雍) and remaining 0.56% by different individual owners.

Based on the publicly available information, Lanlu is a company established in the PRC which is principally engaged in cultural and artistic event planning and cultural tourism related business, and Lanlu is effectively and ultimately owned as to 26.89% by Cao Zhounan (曹舟南), as to 25.97% by Ye Wanhong (葉萬紅), and remaining 47.14% by different parties, each of them owning less than 10% effective interests in Lanlu.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of Zhongdun and Lanlu and their ultimate beneficial owners is an Independent Third Party.

## **REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY**

As disclosed in the 2020 annual report of the Company, the Group had established a "Party Culture Industrial Park" (the "**Park**") in Yiwu. Through the operation of the Park, the Group aims to integrate the design and development of cultural products, internet celebrity, creative design, research and development and supply chain of the whole industrial chain.

It is intended that the JV Company will be principally engaged in cultural tourism development and related project planning consultation business and the Directors are of the view that the development of the cultural tourism business of the JV Company will create synergies with the Group's development of cultural products in the Park which will be beneficial to the development of the Group's business as a whole. In light of the above, the Directors are of the view that the formation of the JV Company by way of Capital Injection was conducted after arm's length negotiation and on normal commercial terms, and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Capital Injection exceeds 5% but is less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement requirement, but is exempt from the circular and Shareholders' approval requirements, under the Listing Rules.

The Company did not timely comply with the relevant announcement requirements under Rule 14.34 of the Listing Rules at the relevant time, i.e. on 18 September 2021, the date on which the announcement obligation on the Company was triggered when the JV Company was established and one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Capital Injection exceeded 5% and constituted a discloseable transaction of the Company. The Company acknowledges that the notification and announcement requirements in respect of the Capital Injection as required under Chapter 14 of the Listing Rules had been delayed due to its inadvertent oversight.

The Company and the Board apologize for any inconvenience caused to investors due to the non-compliance issues. In the future, the Directors will ensure that any similar transactions of the Company will be reported and disclosed in accordance with Chapter 14 of the Listing Rules. To ensure compliance with the requirements under Chapter 14 of the Listing Rules in this respect, the Company will take the following corporate governance measures:

1. the Company will provide additional guidance and training to the Directors, senior management and other relevant personnel of the Group (including the legal representatives and directors of all PRC subsidiaries) regarding, in particular, (i) identification of notifiable transactions in accordance with the Listing Rules; (ii) the appropriate calculation of the percentage ratios relating to notifiable transactions under the Listing Rules; and (iii) the notification, publication and shareholders' approval requirements (as the case may be) of notifiable transactions, in order to strengthen their knowledge and awareness in relation thereto;
2. ongoing trainings will be developed and provided by the Company's external advisers to the Directors, senior management and relevant employees of the Group to familiarize them with the legal and regulatory requirements applicable to the business operations of the Group and to enhance their awareness and knowledge on the latest development of the Listing Rules; and
3. the Company will seek legal advice from time to time as and when necessary.

## DEFINITIONS

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

“Articles”	the articles of association of the JV Company
“Board”	the board of Directors
“Capital Injection”	the commitment in capital injection in the JV Company by the JV Shareholders subject to and in accordance with the terms of the Articles
“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
“Director(s)”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a third party independent of the Company and the connected persons (has the meaning ascribed thereto in the Listing Rules) of the Company and is not a connected person (has the meaning ascribed thereto in the Listing Rules) of the Company
“JV Company”	Yunyou Smart Cultural Tourism (Zhejiang) Company Limited* (雲游智慧文旅(浙江)有限公司), a company established in the PRC with limited liability
“JV Shareholders”	collectively, Partytime Culture, Zhongdun and Lanlu
“Lanlu”	Zhejiang Lanlu Township Cultural Tourism Technology Company Limited* (浙江藍綠山鄉文旅科技有限公司), a company established in the PRC with limited liability
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“Partytime Culture”	Partytime Culture Group Company Limited* (派對文化集團有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of the Company
“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
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Zhongdun”	Zhongdun (Hangzhou) Intelligent Equipment Company Limited* (中盾 (杭州) 智能設備有限公司), a company established in the PRC with limited liability
“%”	per cent

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

Hong Kong, 12 November 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*