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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)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of China Partytime Culture Holdings Limited 中國派對文化控股有限公司 (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022, together with the comparative figures for the corresponding period in 2021 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2022*

	<i>NOTES</i>	<b>Six months ended 30 June</b>	
		<b>2022</b>	2021
		<b>RMB’000</b>	RMB’000
		<b>(unaudited)</b>	(unaudited)
<b>Revenue</b>	6	<b>161,315</b>	101,928
Costs of sales		<b>(124,640)</b>	(74,395)
<b>Gross profit</b>		<b>36,675</b>	27,533
Other income	7	<b>13,392</b>	7,972
Selling expenses		<b>(2,666)</b>	(1,768)
Impairment loss on property, plant and equipment, net		–	(4,512)
Reversal of impairment loss on investment properties		<b>2,740</b>	3,313
Fair value loss on financial asset at fair value through profit or loss		–	(349)
Expected credit losses (“ECL”) allowance of trade receivables and net investment in leases		<b>(2,039)</b>	(106)
Share of loss of associates		<b>(26)</b>	–
Administrative and other operating expenses		<b>(45,441)</b>	(33,334)
<b>Profit/(loss) from operations</b>		<b>2,635</b>	(1,251)
Finance costs		<b>(2,155)</b>	(2,656)

		<b>Six months ended 30 June</b>	
		<b>2022</b>	2021
	<i>NOTES</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Profit/(loss) before income tax</b>	8	<b>480</b>	(3,907)
Income tax expenses	9	<b>(807)</b>	(1,247)
<b>Loss for the period</b>		<b>(327)</b>	(5,154)
<b>Other comprehensive income:</b>			
<b>Items that will be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of foreign operation recognised		<b>2,697</b>	2,110
<b>Other comprehensive income for the period, net of nil tax</b>		<b>2,697</b>	2,110
<b>Total comprehensive income/(expenses) for the period</b>		<b>2,370</b>	(3,044)
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		<b>(521)</b>	(5,154)
Non-controlling interests		<b>194</b>	–
		<b>(327)</b>	(5,154)
<b>Total comprehensive income/(expenses) attributable to:</b>			
Owners of the Company		<b>2,176</b>	(3,044)
Non-controlling interests		<b>194</b>	–
		<b>2,370</b>	(3,044)
		<b>RMB (cents)</b>	<b>RMB (cents)</b>
<b>Loss per share for loss attributable to equity holders of the Company</b>			
Basic and diluted	11	<b>(0.05)</b>	(0.57)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2022*

		30 June 2022	31 December 2021
	<i>NOTES</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Trademark	<i>15</i>	5,842	9,029
Right-of-use assets	<i>12</i>	7,834	7,934
Investment properties	<i>13</i>	79,151	78,131
Property, plant and equipment	<i>14</i>	164,661	184,261
Interests in associates		1,784	1,810
Net investment in leases		9,264	9,017
Deferred tax assets		26,992	26,893
		295,528	317,075
<b>Current assets</b>			
Inventories	<i>16</i>	23,265	14,814
Trade and other receivables	<i>17</i>	135,941	47,788
Net investment in leases		7,327	7,135
Tax recoverable		1,639	679
Bank balances and cash		89,908	99,661
		258,080	170,077
<b>Current liabilities</b>			
Trade and other payables	<i>18</i>	50,202	20,436
Contract liabilities		786	949
Lease liabilities		5,896	5,739
Short term borrowings		118,079	89,327
		174,963	116,451
<b>Net current assets</b>		83,117	53,626
<b>Total assets less current liabilities</b>		378,645	370,701

	<b>30 June 2022</b>	31 December 2021
<i>NOTES</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	(audited)
<b>Non-current liability</b>		
Lease liabilities	<u>6,330</u>	<u>6,161</u>
<b>Net assets</b>	<b><u>372,315</u></b>	<b><u>364,540</u></b>
<b>CAPITAL AND RESERVES</b>		
Share capital	8,847	8,847
Reserves	<u>359,909</u>	<u>352,328</u>
<b>Equity attributable to owners of the Company</b>	<b>368,756</b>	361,175
Non-controlling interests	<u>3,559</u>	<u>3,365</u>
<b>Total equity</b>	<b><u>372,315</u></b>	<b><u>364,540</u></b>

## **NOTES TO THE INTERIM FINANCIAL REPORT**

*For the six months ended 30 June 2022*

### **1. GENERAL INFORMATION**

The Company was incorporated in the Cayman Islands as exempted company on 12 February 2015 with limited liability. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is No. 3 Chunchao Road, Yichun Economic & Technological Development Zone, Jiangxi Province, the People's Republic of China ("**PRC**").

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 of factory premises.

### **2. BASIS OF PREPARATION**

The condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange and Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The condensed consolidated interim financial information does not include all of the information required in annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2021.

The condensed consolidated interim financial information is unaudited.

The condensed consolidated interim financial information is presented in thousands of units of Renminbi ("**RMB'000**"), except when otherwise indicated, which was approved for issue by the Board on 26 August 2022.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with the accounting policies adopted in the Group's most recent annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following new and amended Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA effective for the annual period beginning on 1 January 2022.

## Adoption of new and amended HKFRSs

The Group has adopted the following new and amended HKFRSs that have become effective for accounting period beginning on 1 January 2022 and are relevant to the Group:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

The adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective for the current accounting period.

## 4. ESTIMATES AND JUDGEMENTS

The preparation of condensed consolidated interim financial information requires management to make accounting judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements of the Group for the year ended 31 December 2021.

## 5. SEGMENT INFORMATION

The Executive Directors of the Company, being the chief operating decision maker (the "CODM"), have identified the Group's major product and service lines as operating segments.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

Segment results represented operating results of each reportable segment without allocation of finance costs (excluded finance charges on lease liabilities), bank interest income, gain on disposal of financial asset at fair value through profit or loss ("FVTPL") unallocated other operating income, unallocated corporate expenses, and income tax expenses. All assets are allocated to reportable segments other than bank balances and cash, financial asset at FVTPL and other corporate assets which are not directly attributable to the business activities of any reportable segments. All liabilities are allocated to reportable segments other than corporate liabilities which are not directly attributable to the business activities of any reportable segments.

The following is an analysis of the Group's revenue and results by operating and reportable segments:

	<b>Six months ended 30 June 2022</b>			<b>Total RMB'000 (unaudited)</b>
	<b>Wigs RMB'000 (unaudited)</b>	<b>Clothing and others RMB'000 (unaudited)</b>	<b>Leasing of factory premises RMB'000 (unaudited)</b>	
Revenue from external customers	<u>11,591</u>	<u>149,724</u>	<u>–</u>	<u>161,315</u>
<b>Segment results</b>	<b>2,684</b>	<b>26,167</b>	<b>3,019</b>	<b>31,870</b>
Finance costs (excluded finance charges on lease liabilities)				(1,829)
Bank interest income				155
Share of loss of associates				(26)
Unallocated income				10,892
Unallocated expenses				<u>(40,582)</u>
Profit before income tax				480
Income tax expenses				<u>(807)</u>
<b>Loss for the period</b>				<u><u>(327)</u></u>
<b>Other segment items</b>				
Depreciation and amortisation	2,900	11,510	6,659	21,069
Reversal of impairment loss on investment properties	–	–	(2,740)	(2,740)
Capital expenditure	363	364	–	727
ECL allowance on trade and other receivables	–	2,019	–	2,019
ECL allowance on net investment in leases	–	–	20	20
	<u>–</u>	<u>–</u>	<u>20</u>	<u>20</u>

	Six months ended 30 June 2021			
	Wigs <i>RMB'000</i> (unaudited)	Clothing and others <i>RMB'000</i> (unaudited)	Leasing of factory premises <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)
Revenue from external customers	11,189	90,739	–	101,928
<b>Segment results</b>	(9,074)	25,281	(3,411)	12,796
Finance costs (excluded finance charges on lease liabilities)				(2,461)
Bank interest income				84
Gain on disposal of financial asset at FVTPL				2,835
Unallocated income				2,773
Unallocated expenses				(19,934)
Loss before income tax				(3,907)
Income tax expenses				(1,247)
<b>Loss for the period</b>				<b>(5,154)</b>
<b>Other segment items</b>				
Depreciation and amortisation	2,382	11,261	4,331	17,974
(Reversal of)/impairment loss on property, plant and equipment	10,420	(4,710)	(1,198)	4,512
Reversal of impairment loss on investment properties	–	–	(3,313)	(3,313)
Capital expenditure	750	6,750	556	8,056
(Reversal of)/ECL allowance on trade and other receivables	(114)	199	–	85
ECL allowance on net investment in leases	–	–	21	21

	As at 30 June 2022				
	Wigs <i>RMB'000</i> (unaudited)	Clothing and others <i>RMB'000</i> (unaudited)	Leasing of factory premises <i>RMB'000</i> (unaudited)	Unallocated <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)
Reportable segment assets	27,811	261,729	100,188	163,880	553,608
Reportable segment liabilities	2,265	46,432	12,820	119,776	181,293

	As at 31 December 2021				
	Wigs <i>RMB'000</i> (audited)	Clothing and others <i>RMB'000</i> (audited)	Leasing of factory premises <i>RMB'000</i> (audited)	Unallocated <i>RMB'000</i> (audited)	Total <i>RMB'000</i> (audited)
Reportable segment assets	29,389	188,654	109,028	160,081	487,152
Reportable segment liabilities	2,183	14,264	12,479	93,686	122,612

## 6. REVENUE

The Group's principal activities are disclosed in note 1 to this announcement. Revenue of the Group is the revenue from these activities and represents the net invoiced value of goods sold.

The Group's revenue recognised during the period is as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Wigs	<b>11,591</b>	11,189
Clothing and others	<b>149,724</b>	90,739
	<b>161,315</b>	101,928

### Disaggregation of revenue from contracts with customers

The Group's revenue from sales of wigs, clothing and others are recognised at a point in time. The Group's contracts with customers usually have original expected duration of one year or less. Revenue from major product lines are as follow:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Contract Manufacturing Services (“CMS”) business</b>		
Cosplay costumes	<b>95,084</b>	80,405
Cosplay wigs	<b>4,179</b>	9,628
Sexy lingerie	<b>924</b>	2,117
Others	<b>18,581</b>	530
	<b>118,768</b>	92,680
<b>Original Brand Manufacturing (“OBM”) business</b>		
Cosplay costumes	<b>22,619</b>	7,202
Cosplay wigs	<b>7,412</b>	1,561
Sexy lingerie	<b>6,604</b>	–
Others	<b>5,912</b>	485
	<b>42,547</b>	9,248
	<b>161,315</b>	101,928

## 7. OTHER INCOME

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Exchange gain	4,576	–
Bank interest income	155	84
Government grant ( <i>note</i> )	928	439
Gain on disposal of financial asset at FVTPL	–	2,835
Rental income from operating leases of plant and machineries		
– Lease payments that are fixed	323	827
Rental income from operating leases of investment properties		
– Lease payments that are fixed	1,563	1,208
Income relating to net investment in leases – Finance lease income	459	245
Utility income	4,302	1,283
Subcontracting income	1,086	513
Others	–	538
	<b>13,392</b>	<b>7,972</b>
	<b>13,392</b>	<b>7,972</b>

*Note:* The Group was entitled to receive (1) a subsidy from the local government authorities for export sales business conducted in the Yichun Development Zone and Yiwu and (2) specific funds in the Yichun Development Zone.

## 8. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is arrived at after (crediting)/charging:

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Cost of inventories recognised as an expense	75,896	44,499
Depreciation		
– Property, plant and equipment	16,062	16,417
– Investment properties	1,720	1,442
– Right-of-use assets	100	115
Amortisation of trademark	3,187	–
Impairment loss on property, plant and equipment	–	4,512
Reversal of impairment loss on investment properties	(2,740)	(3,313)
Short term lease charges	28	35
Income relating to net investment in leases	(459)	(245)
Fair value loss on financial asset at FVTPL	–	349
Exchange (gain)/loss, net	(4,576)	693
ECL allowance on trade and other receivables	2,019	85
ECL allowance on net investment in leases	20	21
Research and development cost	8,494	8,556
Government grant	(928)	(439)
Loss on disposal of property, plant and equipment	2,672	–
Equity-settled share-based payment expenses in respect of consultants	644	–
Staff costs		
– Salaries, allowances and other benefits	34,083	29,710
– Contributions to defined contribution retirement plans	3,332	2,936
– Equity-settled share-based payment expense	4,761	–
	<b>42,176</b>	<b>32,646</b>
	<b>42,176</b>	<b>32,646</b>

## 9. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the six months ended 30 June 2022 (2021: nil).

The provision for PRC enterprise income tax has been provided at the applicable tax rate of 25% (2021: 25%) on the assessable profits of the PRC subsidiaries.

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
<b>Current tax</b>		
Current period – PRC enterprise income tax	906	794
Deferred tax	(99)	453
	<hr/>	<hr/>
Income tax expenses	<b>807</b>	1,247
	<hr/> <hr/>	<hr/> <hr/>

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. From December 2020 onwards, certain subsidiaries of the Group were accredited as “High and New Technology Enterprise” in the PRC, and subject to a concessionary tax rate of 15% for three years in accordance with the EIT Law.

## 10. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: nil).

## 11. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period attributable to equity holders of the Company of RMB521,000 (2021: loss for the period attributable to equity holders of the Company of RMB5,154,000) and the weighted average number of ordinary shares of 1,077,267,600 in issue during the period (2021: 907,643,000).

The diluted loss per share for the six months ended 30 June 2022 does not assume the exercise of the Company’s share options because the exercise price of those share options was higher than the average market price for shares.

No diluted loss per share has been presented for the six months ended 30 June 2021 as there was no dilutive share outstanding during the period.

The diluted loss per share is the same as basic loss per share for the six months ended 30 June 2022 and 2021.

## 12. RIGHT-OF-USE ASSETS

	<b>Prepaid land lease payments</b> <i>RMB'000</i>
Carrying amount as at 1 January 2021	9,258
Depreciation during the year	(200)
Transfer to investment properties	<u>(1,124)</u>
Carrying amount as at 31 December 2021 (audited)	<u><u>7,934</u></u>
Carrying amount as at 1 January 2022	<b>7,934</b>
Depreciation during the period	<u>(100)</u>
<b>Carrying amount as at 30 June 2022 (unaudited)</b>	<b><u><u>7,834</u></u></b>

The right-of-use assets represent prepaid land lease payments in relation to the leasehold land situated in the PRC and held under a medium term lease.

As at 30 June 2022, the Group's right-of-use assets amounting to RMB5,557,000 (31 December 2021: RMB5,637,000) were pledged to secure bank loans.

## 13. INVESTMENT PROPERTIES

	<b>As at 30 June 2022</b> <i>RMB'000</i> <b>(unaudited)</b>	As at 31 December 2021 <i>RMB'000</i> (audited)
Investment properties	<b><u><u>79,151</u></u></b>	<u><u>78,131</u></u>

Changes to the carrying amounts presented in the condensed consolidated statement of financial position can be summarised as follows:

	<b>Six months ended 30 June 2022 RMB'000 (unaudited)</b>	Year ended 31 December 2021 RMB'000 (audited)
At beginning of the period/year	<b>78,131</b>	58,915
Addition	–	9,593
Transferred from right-of-use assets	–	1,124
Transferred from property, plant and equipment	–	15,108
Depreciation	<b>(1,720)</b>	(3,437)
Transferred to net investment in leases	–	(9,593)
Reversal of impairment loss	<b>2,740</b>	6,421
	<b>79,151</b>	78,131
	<b>As at 30 June 2022 RMB'000 (unaudited)</b>	<b>As at 31 December 2021 RMB'000 (audited)</b>
Cost	<b>115,692</b>	115,692
Accumulated depreciation and impairment	<b>(36,541)</b>	(37,561)
	<b>79,151</b>	78,131

At 30 June 2022, the fair value of the Group's investment properties, determined using income approach, which also representing the recoverable amounts of the leasing of factory premise CGU was RMB101,177,000 (31 December 2021: RMB102,184,000). The fair value as at 30 June 2022 has been arrived based on a valuation carried by an independent, professionally qualified valuer Graval Consulting Limited. The reversal of impairment loss of RMB2,740,000 (for the year ended 31 December 2021: RMB6,421,000) was determined by comparing carrying amounts of the investment properties, together with the relevant leasehold improvement (note 14), to the above fair value as at 30 June 2022.

The fair values of the Group's investment properties are categorised under Level 3 fair value hierarchy and determined using income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. When actual rent differs materially from the estimated rents, adjustments have been made to the estimated rental value.

The most significant inputs, all of which are unobservable, are the estimated rental value and the discount rate. The estimated rental value and discount rate is RMB13–RMB15 per square meter and 6%–6.5% as at six months ended 30 June 2022 (31 December 2021: RMB13–RMB15 per square meter and 6%–6.5%). The estimated fair value increases if the estimated rental value increases or if discount rate (market yields) decline. The overall valuations are sensitive to all assumptions. Management considers the range of reasonably possible alternative assumptions is greatest for rental values and that there is also an interrelationship between these inputs.

As at 30 June 2022, bank loans are secured by investment properties with a carrying value of RMB30,316,000 (31 December 2021: RMB31,164,000).

## 14. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Plant and machineries <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Furniture and equipment <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Cost</b>						
As at 1 January 2022	208,062	29,648	3,602	4,718	160,601	406,631
Additions	–	–	640	87	–	727
Disposals	–	(6,880)	–	–	–	(6,880)
<b>As at 30 June 2022 (unaudited)</b>	<b><u>208,062</u></b>	<b><u>22,768</u></b>	<b><u>4,242</u></b>	<b><u>4,805</u></b>	<b><u>160,601</u></b>	<b><u>400,478</u></b>
<b>Accumulated depreciation</b>						
As at 1 January 2022	78,722	17,902	2,586	4,299	118,861	222,370
Charge for the period	3,287	809	171	157	11,638	16,062
Written back on disposal	–	(2,615)	–	–	–	(2,615)
<b>As at 30 June 2022 (unaudited)</b>	<b><u>82,009</u></b>	<b><u>16,096</u></b>	<b><u>2,757</u></b>	<b><u>4,456</u></b>	<b><u>130,499</u></b>	<b><u>235,817</u></b>
<b>Net book amount</b>						
<b>As at 30 June 2022 (unaudited)</b>	<b><u>126,053</u></b>	<b><u>6,672</u></b>	<b><u>1,485</u></b>	<b><u>349</u></b>	<b><u>30,102</u></b>	<b><u>164,661</u></b>
As at 31 December 2021 (audited)	<u>129,340</u>	<u>11,746</u>	<u>1,016</u>	<u>419</u>	<u>41,740</u>	<u>184,261</u>

As at 30 June 2022, the Group's buildings with a total value amounting to RMB75,564,000 (31 December 2021: RMB76,933,000) were pledged to banks to secure bank loans granted to the Group.

The Group has determined the amount of the impairment loss of property, plant and equipment based on the recoverable amount of each cash-generating units ("CGUs") with property, plant and equipment allocated. The recoverable amounts of the CGUs have been determined based on value in use calculations, which use cashflow forecast available as at 30 June 2022. Fair value less costs of disposal is not used as the management considered that it will not be possible to measure fair value less costs of disposal of each CGUs because there is no basis for making a reliable estimate of the price. These cashflow forecasts are derived from the approved business plan which has a forecast covering a period of five years.

The key assumptions used in the value in use calculations are as follows:

- The sales growth rate assumptions are based on management estimates and expectations of current market conditions.
- The cash flow projections are discounted using a discount rate of 17.7%–17.9% (31 December 2021: 17.35%). The discount rates reflect the current market assessments of the time value of money and are based on the estimated cost of capital and adjusted for lack of marketability.
- A terminal growth rate has been used in estimating cash flows beyond a period of five years. A nominal rate of 3.0% (31 December 2021: 2.2%) has been used.

During the six months ended 30 June 2022, no impairment loss (six months ended 30 June 2021: impairment loss of RMB4,512,000) was recognised on property, plant and equipment.

## 15. TRADEMARK

	<b>Trademark</b> <i>RMB'000</i>
<b>Cost</b>	
As at 1 January 2022 and 30 June 2022 (unaudited)	<u><u>12,713</u></u>
<b>Accumulated amortisation</b>	
As at 1 January 2022	3,684
Charge for the period	<u>3,187</u>
As at 30 June 2022 (unaudited)	<u><u>6,871</u></u>
<b>Net book amount</b>	
As at 30 June 2022 (unaudited)	<u><u>5,842</u></u>
As at 31 December 2021 (audited)	<u><u>9,029</u></u>

## 16. INVENTORIES

	As at <b>30 June</b> <b>2022</b> <i>RMB'000</i> <b>(unaudited)</b>	As at 31 December 2021 <i>RMB'000</i> (audited)
Raw materials	<b>16,858</b>	12,856
Work in progress	<b>583</b>	1,221
Finished goods	<u><b>5,824</b></u>	<u>737</u>
	<u><u><b>23,265</b></u></u>	<u><u>14,814</u></u>

## 17. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
<b>Trade receivables</b>		
– From third parties	130,892	55,826
Less: ECL allowance	<u>(21,374)</u>	<u>(19,355)</u>
	<b>109,518</b>	<b>36,471</b>
<b>Deposits, prepayments and other receivables</b>		
Prepayments	8,314	6,033
Other tax receivables	1,312	1,518
Deposits	9,551	1,380
Other receivables	<u>7,246</u>	<u>2,386</u>
	<b>26,423</b>	<b>11,317</b>
	<b>135,941</b>	<b>47,788</b>

The Group usually requires advance deposits from its customers. Before accepting any new customer, the Group applied an internal credit assessment policy to assess the potential customer's credit quality. The credit period is generally for a period of 45 to 60 days. Overdue balances are reviewed regularly by senior management. Trade receivables are non interest-bearing.

An aging analysis of the trade receivables, based on the invoice date and net of ECL allowance, is as follows:

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
0–30 days	53,518	26,285
31–60 days	33,074	5,821
61–90 days	16,900	155
91–365 days	<u>6,026</u>	<u>4,210</u>
	<b>109,518</b>	<b>36,471</b>

As at 30 June 2022, ECL allowance of approximately RMB21,374,000 (31 December 2021: RMB19,355,000) was recognised.

The movement in the ECL allowance of trade receivables, is as follows:

	<b>Six months ended 30 June 2022 RMB'000 (unaudited)</b>	Year ended 31 December 2021 RMB'000 (audited)
At 1 January	19,355	696
ECL allowance recognised during the period/year	<u>2,019</u>	<u>18,659</u>
At 30 June/31 December	<u><b>21,374</b></u>	<u><b>19,355</b></u>

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities. The Group does not hold any collateral or other credit enhancements over these balances.

#### 18. TRADE AND OTHER PAYABLES

	<b>As at 30 June 2022 RMB'000 (unaudited)</b>	As at 31 December 2021 RMB'000 (audited)
<b>Trade payables</b>		
– To third parties	<u>37,595</u>	<u>9,136</u>
<b>Accrued charges and other payables</b>		
– Salaries payables	10,359	6,362
– Other tax payables	–	1,400
– Other payables	<u>2,248</u>	<u>3,538</u>
	<u>12,607</u>	<u>11,300</u>
	<u><b>50,202</b></u>	<u><b>20,436</b></u>

The Group was granted by its suppliers credit periods ranging from 15 to 60 days. An aging analysis of the trade payables, based on the invoice date, is as follows:

	<b>As at 30 June 2022 RMB'000 (unaudited)</b>	As at 31 December 2021 RMB'000 (audited)
0–30 days	<u><b>37,595</b></u>	<u><b>9,136</b></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue and gross profit margin

	Six months ended 30 June				
	2022		2021		Revenue % change
	Revenue	Gross Profit	Revenue	Gross Profit	
<i>RMB'000</i>	margin %	<i>RMB'000</i>	margin %		
CMS business					
Cosplay costumes	95,084	22.0%	80,405	26.9%	18.3%
Cosplay wigs	4,179	21.1%	9,628	24.8%	(56.6)%
Sexy lingerie	924	23.7%	2,117	25.6%	(56.4)%
Others	18,581	30.0%	530	29.3%	3,405.9%
	<u>118,768</u>	<u>23.3%</u>	<u>92,680</u>	<u>26.6%</u>	
OBM business					
Cosplay costumes	22,619	18.8%	7,202	35.4%	214.1%
Cosplay wigs	7,412	21.6%	1,561	11.8%	374.8%
Sexy lingerie	6,604	25.6%	–	–	N/A%
Others	5,912	25.3%	485	24.3%	1,118.9%
	<u>42,547</u>	<u>21.3%</u>	<u>9,248</u>	<u>30.8%</u>	
Total	<u>161,315</u>	<u>22.7%</u>	<u>101,928</u>	<u>27.0%</u>	

#### Revenue

During the six months ended 30 June 2022, 73.6% (2021: 90.9%) of our total revenue was mainly derived from our CMS business. Our revenue derived from the CMS business increased from approximately RMB92.7 million to approximately RMB118.8 million, representing an increase of approximately 28.2%.

The revenue derived from our OBM business increased from approximately RMB9.2 million to approximately RMB42.5 million, representing an increase of approximately 360.0%.

During the period under review, the sales to our major market, the U.S., showed an upsurge of approximately 82%, which was driven by domestic consumption and the tourism recovery in the period. The U.S. market continued to be our biggest market in 2022, contributing approximately of 88% of the revenue for the six months ended 30 June 2022 (30 June 2021: approximately of 75.2%).

### **Leasing Business**

Our Park, Centre and Feifeng Road Premises have been sub-leased to companies in the relevant industries 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. The Group has sub-leased part of the Yiwu Production Plant and the Yichun Production Plant to other local enterprises with the view to better utilize the assets of the Group.

Rental income from leasing of these premises (including the rental income from leasing of plant and machineries) of approximately RMB1,886,000 (30 June 2021: RMB2,035,000 ) were recognized during the year and included in “other income” in the consolidated statement of profit or loss and other comprehensive income.

### **Gross profit margin**

Our gross profit margin decreased from approximately 27.0% to approximately 22.7%. The decrease in gross profit margin was mainly due to the decrease in the sale of non-surgical face mask which contributed a higher margin during the period.

### **Cost of sales**

Our cost of sales mainly comprises raw material cost, direct labor cost and manufacturing overhead. Manufacturing overhead includes subcontracting payments, utilities and social insurance for our production staff and other miscellaneous items.

### **Other income**

Our other income increased by approximately RMB5.4 million, from approximately RMB8.0 million to approximately RMB13.4 million. The increase was primarily due to the recognition of an exchange gain of approximately RMB4.6 million and the increase in the income relating to our sub-leasing of factory premises business.

### **Selling expenses**

Our selling expenses primarily consist of delivery expenses, staff costs and advertising and marketing expenses. Selling expenses represent approximately 1.65% and 1.7% of the revenue for the six months ended 30 June 2022 and 2021, respectively.

### **Administrative and other operating expenses**

Our administrative and other operating expenses increased by approximately RMB12.1 million, from approximately RMB33.4 million to approximately RMB45.4 million. The increase was primarily due to the recognition of equity-settled share option expenses of approximately RMB5.4 million and an increase in amortisation expenses in relation to the trademark of approximately RMB3.2 million.

### **Reversal of impairment loss on investment properties**

We have leased/sub-leased to third parties some factory premises, thus these factory premises were being reclassified as investment properties at cost model. Reversal of impairment loss of approximately RMB2.7 million was recognized during the year by comparing the fair value of the investment properties to its carrying amounts. There is no significant changes in the assumptions adopted in the valuations.

### **ECL allowance of trade receivables**

As a result of the pandemic, our customers have generally experienced a deterioration in their financial position. With the increase in potential default risk by our customers, we recognized an impairment loss on trade receivables of approximately RMB2.0 million during the period.

### **Finance costs**

Our finance costs decreased by approximately RMB0.5 million, from approximately RMB2.7 million to approximately RMB2.2 million. The decrease in finance costs was primarily due to the decrease in payment of interests on short term borrowings.

### **Income tax**

Our income tax expense decreased by approximately RMB0.4 million, from approximately RMB1.2 million to approximately RMB0.8 million. The decreased in income tax expenses was mainly due to a decrease in deferred tax recognised during the period.

### **Share of loss of associates**

Share of loss of associates relates to the Group's associates engaged in developing the cultural tourism business. The Group's share of loss of associates for the period was approximately RMB26,000.

## **Financial resources and liquidity**

As at 30 June 2022, the total amount of cash and cash equivalent of the Group was approximately RMB90.0 million, a decrease of approximately RMB9.7 million when compared with that as at 31 December 2021. The Group's operations are financed primarily by revenue generated from its business operation, and borrowings obtained from banks. In addition, the Group had total bank borrowings of approximately RMB118.1 million as of 30 June 2022 as compared to total bank borrowings of approximately RMB89.3 million as of 31 December 2021.

As at 30 June 2022, the current ratio and the gearing ratio were 147.5% and 34.9% respectively. Current ratio is calculated based on total current assets divided by total current liabilities at the end of the financial year and gearing ratio is calculated based on total borrowings and lease liabilities divided by total equity at the end of the financial year.

The Group's operations are financed principally by revenue generated from its business operation, available bank balances and cash as well as interest-bearing borrowings. The Board will continue to follow a prudent treasury policy in managing its bank balances and cash and maintain a strong and healthy liquidity position to ensure that the Group is well positioned to achieve its business objectives and strategies.

## **Capital expenditure**

During the six months ended 30 June 2022, the Group invested approximately RMB0.7 million in property, plant and equipment.

## **Pledged of assets**

As at 30 June 2022, our bank loans were secured by the Group's right-of-use assets with carrying value of approximately RMB5.6 million (31 December 2021: RMB5.6 million); buildings with carrying value of approximately RMB75.6 million (31 December 2021: RMB76.9 million) and investment properties with carrying value of approximately RMB30.3 million (31 December 2021: RMB31.2 million).

## **Contingent liabilities**

The Group did not have any significant contingent liabilities as at 30 June 2022 and 31 December 2021.

## **Events after the reporting date**

On 20 June 2022, the Company entered into a sales and purchase agreement with Ms. Feng Xianhua to acquire the entire issued share capital in High Kelee Investment Holdings Limited (“**High Kelee**”), a company established in the BVI with limited liability, at a consideration of HK\$42.8 million, of which HK\$8.8 million shall be paid by the Company in cash and the remaining consideration shall be satisfied by the allotment and issue of 170,000,000 consideration shares to the vendor at the issue price of HK\$0.2 upon completion.

The transaction was completed on 15 July 2022 and at Completion, the Company has allotted and issued the consideration shares, being a total of 170,000,000 consideration shares at the issue price of HK\$0.2 per consideration share under the general mandate in accordance with the terms of the sales and purchase agreement to the vendor. The 170,000,000 consideration shares represent approximately 15.78% of the issued share capital of the Company prior to the allotment and issue of the consideration shares and approximately 13.63% of the issued share capital of the Company as enlarged by the allotment and issue of the consideration shares.

Following Completion, (i) High Kelee becomes a direct wholly-owned subsidiary of the Company, and the financial results of the High Kelee will therefore be consolidated into the consolidated financial statements of the Group; (ii) Ms. Feng Xianhua becomes a substantial shareholder of the Company, holding approximately 13.63% of the issued share capital of the Company.

Details of the transaction have been set out in the Company’s announcement dated 20 June 2022, 29 June 2022, 5 July 2022 and 15 July 2022.

## **Foreign currency exposure**

Our exposures to currency risk arise from our sales to overseas customers, which are primarily denominated in USD. This is not the functional currency of the entities to which the transactions relate. We currently do not have a group foreign currency hedging policy. However, the management of the Group will monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

## **Employees and remuneration policy**

As of 30 June 2022, we had approximately 1,029 employees. Total staff costs for the period amounted to approximately RMB42.2 million. The remuneration policy of the Group is reviewed regularly according to the relevant market practice, employee performance and the financial performance of the Group. There is no significant change in the Group’s remuneration policies.

## SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company on 7 August 2015, an aggregate of 75,000,000 share options have been granted to certain eligible participants on 13 April 2022. The share options are valid for three years from the date of grant. The options shall be exercisable subject to the conditions that (i) the grantees remain a Director or an employee of the Group (where applicable) on the vesting date; (ii) the public float requirements under the Listing Rules will not be violated as a result of the exercise of the options; and (iii) the grantees have fulfilled the relevant performance target relating to the Group (where applicable).

## BUSINESS REVIEW

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 (including mainly sexy lingerie). Our products are principally for export sales to more than 10 countries and regions around the globe including mainly the US, Germany, the UK, Japan and Australia.

Our business can be classified into two major categories, namely CMS business and OBM business.

	Six months ended 30 June				Increase (decrease) of revenue (approximate %)
	2022		2021		
	<i>Revenue</i> <i>RMB'000</i>	<i>% of total</i>	<i>Revenue</i> <i>RMB'000</i>	<i>% of total</i>	
CMS business	118,768	73.6%	92,680	90.9%	28.2%
OBM business	42,547	26.4%	9,248	9.1%	360.0%
Total	<u>161,315</u>	<u>100.0%</u>	<u>101,928</u>	<u>100.0%</u>	<u>58.3%</u>

## Revenue by operating and reportable segments

### Six months ended 30 June

	2022		2021		Increase (decrease) of revenue (approximate %)
	Revenue RMB'000	% of total	Revenue RMB'000	% of total	
Wigs	11,591	7.2%	11,189	11.0%	3.6%
Clothing and others	149,724	92.8%	90,739	89.0%	65.0%
Total	<u>161,315</u>	<u>100.0%</u>	<u>101,928</u>	<u>100.0%</u>	<u>58.3%</u>

Loss attributable to the equity holders of the Company for the six months ended 30 June 2022 amounted to approximately RMB0.5 million as compared with a loss attributable to equity holders of the Company of approximately RMB5.2 million for the six months ended 30 June 2021. The Board considers that the aforesaid decrease in loss was primarily attributable to the increase in revenue and gross profit during the period.

## Litigation

On 30 July 2021, the Company and certain former Directors and a shareholder of the Company have been served with a writ of summon (“**Writ of Summon**”) in a legal proceedings brought by a third party in relation to a proposed sale and purchase of the controlling stake in the Company involving an alleged memorandum of understanding (the “**MOU**”). On 16 November 2021, an amended writ of summons (“**Amended Writ of Summons**”) and the statement of claim (the “**Statement of Claim**”) in relation to the MOU which was supplemented by a supplemental memorandum of understanding dated 9 September 2016 (“**Supplemental MOU**”, together with the MOU, the “**MOUs**”) were served on the Company.

Details of the litigation have been set out in the Company’s announcement dated 6 August 2021 and 19 November 2021.

The Company is seeking legal advice in relation to the Amended Writ of Summon and the Statement of Claim but the Board considers that the allegations made in the Amended Writ of Summon and the Statement of Claim against the Company are groundless and without merit.

The Board takes the view that the litigation in relation to the Amended Writ of Summons and the Statement of Claim has no material impact on the business and finance of the Company.

The Company will update the shareholders and potential investors on material developments regarding the above litigation when appropriate in compliance with the Listing Rules and the SFO.

## **BUSINESS PROSPECTS**

Operational efficiency and increase in revenue will continue to be the top priorities for the Group for 2022. After the completion of the acquisition of High Kelee in July 2022, the Directors expect that the Group will be able to gain the benefits from the new business which is engaged in research and development, manufacturing and sale of fabric care, personal hygiene and home care products, etc.

The Group will continue to use its best endeavor to improve the efficiency and effectiveness of its operation. Moreover, the Board will seek opportunities to diversify our business and broaden our revenue stream by acquisition of intellectual property right with potential growth and the collaboration of companies our upstream and downstream industries. The Group will continue to evaluate and identify target companies which have investment value and which can generate synergies with our businesses within the industry and along the industry chain, with the aim of bringing greater return to shareholders while expanding our business and revenue streams.

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2022 (30 June 2021: Nil).

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor its subsidiary has purchased, redeemed or sold any of the Company's listed securities for the six months ended 30 June 2022.

## **CORPORATE GOVERNANCE**

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

To the knowledge of the Board, the Company had fully complied with the relevant code provisions in the CG Code for the six months ended 30 June 2022.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, all Directors declared that they have complied with the Model Code throughout the review period.

## **DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B (1) OF THE LISTING RULES**

On 24 June 2022, Mr. Zheng Jin Min (“**Mr. Zheng**”) an Independent Non-executive Director has entered into a supplemental letter of appointment with the Company to extend the term of the appointment for a period for three years from the expiry of the initial fixed term (the “**Renewal Term**”) and his term of appointment shall automatically be renewed for a further period after the expiry of the Renewal Term and other terms of the letter of appointment remain unchanged.

Save as disclosed, during the six months ended 30 June 2022, there were no other changes to the Directors' information that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rule.

## **REVIEW OF INTERIM RESULTS AND INTERIM REPORT**

The audit committee of the Company (the “**Audit Committee**”) comprises all the three Independent Non-executive Directors. The Audit Committee has reviewed the results (including the unaudited condensed consolidated financial statements) of the Group and the interim report.

## **PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.partytime.com.cn](http://www.partytime.com.cn)), and the interim report of the Company for the six months ended 30 June 2022 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the above websites in due course.

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

Hong Kong, 26 August 2022

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