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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)

**(I) VERY SUBSTANTIAL DISPOSAL
IN RELATION TO
THE PROPOSED DISPOSAL OF A PROPERTY HOLDING COMPANY
AND
(II) DISCLOSEABLE TRANSACTION
IN RELATION TO
THE PROPOSED LEASEBACK OF PROPERTIES**

THE DISPOSAL

On 19 November 2024 (after trading hours of the Stock Exchange), the Vendor, being an indirect wholly-owned subsidiary of the Company (as vendor) entered into the Equity Transfer Agreement with the Purchaser (as purchaser) and the Target Company. Pursuant to the Equity Transfer Agreement, the Vendor has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to purchase, the Sale Capital, representing the entire equity interests in the Target Company, for a consideration of RMB80,000,000.

Upon Completion, the Company will cease to have any equity interest in the Target Company.

THE LEASEBACK ARRANGEMENT

On the same date (after trading hours of the Stock Exchange), the Vendor (as tenant) and the Target Company (as landlord) entered into the Leaseback Agreement. Pursuant to the Leaseback Agreement, if Completion materialises, the Vendor has conditionally agreed to lease back the Properties from the Target Company for a term of three (3) years commencing from the Commencement Date for an annual rent of RMB2,459,900 for the first year, RMB2,582,895 for the second year and RMB2,712,040 for the third year.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Disposal exceed(s) 75%, the entering into of the Equity Transfer Agreement constitutes a very substantial disposal on the part of the Company under the Listing Rules, and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to HKFRS 16, the entering into of the Leaseback Agreement as tenant will require the Group to recognise the Properties as the right-of-use assets on its consolidated statement of financial position, thus the Leaseback Agreement and the transactions contemplated thereunder will be regarded as an acquisition of assets by the Group under the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) calculated based on the value of the right-of-use assets recognised by the Group pursuant to HKFRS 16 under the Leaseback Agreement is/are more than 5% but all of the percentage ratios are less than 25%, the entering into of the Leaseback Agreement constitutes a discloseable transaction on the part of the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

None of the Directors has material interest in the Disposal and the Leaseback Arrangement and hence no Director is required to abstain from voting on the relevant resolution(s) of the Board approving the Equity Transfer Agreement, the Leaseback Agreement and the respective transactions contemplated thereunder.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Equity Transfer Agreement and the transactions contemplated thereunder.

The voting in respect of the Disposal at the EGM will be conducted by way of poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders or any of their associates has any material interest in the Disposal, and will be required to abstain from voting on the relevant resolution(s) to approve the Equity Transfer Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) further information on the Equity Transfer Agreement and the transactions contemplated thereunder, (ii) other information as required under the Listing Rules, and (iii) a notice of the EGM is expected to be despatched to the Shareholders on or before 24 December 2024 as additional time is required to prepare the relevant information to be included in the circular.

Completion of the Disposal and commencement of the Leaseback Arrangement are subject to the fulfilment of the conditions precedent set out in the Equity Transfer Agreement and the Leaseback Agreement, respectively, and therefore the Disposal and the Leaseback Arrangement may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

(I) THE DISPOSAL

On 19 November 2024 (after trading hours of the Stock Exchange), the Vendor, being an indirect wholly-owned subsidiary of the Company (as vendor) entered into the Equity Transfer Agreement with the Purchaser (as purchaser) and the Target Company. Pursuant to the Equity Transfer Agreement, the Vendor has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to purchase, the Sale Capital, representing the entire equity interests in the Target Company, for a consideration of RMB80,000,000.

The Equity Transfer Agreement

The principal terms of the Equity Transfer Agreement are set out below:

Assets to be disposed of

Pursuant to the terms and conditions of the Equity Transfer Agreement, the Vendor has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to purchase, the Sale Capital, representing the entire equity interest in the Target Company.

As at the date of this announcement, the Target Company is a direct wholly-owned subsidiary of the Vendor.

Consideration

The Consideration is RMB80,000,000, which shall be payable by the Purchaser to the Vendor by bank transfer in the following manner:

- (i) as to RMB8,000,000, representing 10% of the Consideration, shall be paid within three (3) Business Days after the date of the Equity Transfer Agreement as Earnest Money, which shall form part of the Consideration on the date of fulfilment of all conditions precedent for the Disposal;
- (ii) as to RMB24,000,000, representing 30% of the Consideration, shall be paid within three (3) Business Days after the fulfilment of all conditions precedent for the Disposal (unless such condition precedent by its nature should be fulfilled on the Completion Date, then such condition precedent shall be fulfilled on the Completion Date); and

- (iii) the remaining balance of RMB48,000,000, representing 60% of the Consideration, shall be paid within three (3) Business Days after completion of the Registration.

If the Purchaser fails to pay the Consideration on time in accordance with the terms of the Equity Transfer Agreement, the Purchaser shall pay liquidated damages to the Vendor at the rate of 0.0003% of the unpaid Consideration per day until and including the date of full settlement of all outstanding sums under the Equity Transfer Agreement.

If the Purchaser fails to pay the Consideration on time in accordance with the terms of the Equity Transfer Agreement, the Vendor also has the right to unilaterally terminate the Equity Transfer Agreement, forfeit the Earnest Money in full, and request the Purchaser to bear liquidated damages and all economic losses.

The book value of the land and properties held by the Target Company as at 30 September 2024 according to the unaudited financial statements of the Target Company was approximately RMB103,292,000, while the preliminary valuation on the market value of such land and properties in existing state as at 30 September 2024 prepared by an independent professional valuer using income approach was approximately RMB123,400,000. As such, the Consideration represents a discount of approximately 34.67% to the adjusted net asset value of the Target Company as at 30 September 2024 of approximately RMB122,460,000 (calculated based on the unaudited net asset value of the Target Company as at 30 September 2024 of approximately RMB2,485,000, adding back the Shareholder's Loan of approximately RMB100,525,000 and then adding the adjustment from book value of such land and properties to their market value of approximately RMB19,450,000).

The Consideration was determined through a private tender process. Parties were invited to participate in the private bid process for the Disposal and some of which responded to the invitation with offers. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the parties invited is an Independent Third Party. The prices offered in the bids received were in a range of RMB70,000,000 to RMB80,000,000. The Purchaser was subsequently selected as the price it offered was the highest and the terms it offered were the most favourable compared with those offered by other bidders.

In deciding whether to accept the bids and determining the successful bid, the Vendor took into account, among other things, the following:

- (i) the terms (including the Consideration) offered by the Purchaser in respect of the Disposal being the most favourable compared with those offered by other potential purchasers in the private bid process;
- (ii) the unaudited net asset value of the Target Company of approximately RMB2,485,000 as at 30 September 2024;
- (iii) the current adverse market conditions and property market sentiments in the PRC;

- (iv) the favourable monthly unit rent offered by the Purchaser in respect of the Leaseback Arrangement commencing from Completion, details of which are set out in the section headed “(II) Leaseback Arrangement – Leaseback Agreement – Annual rent” in this announcement; and
- (v) other factors as set out in the section headed “Reasons for and benefits of the Disposal” in this announcement.

Conditions precedent for the Disposal

Completion is subject to the following conditions having been fulfilled:

- a. the Parties having legally and effectively signed and delivered the Equity Transfer Agreement, the attachments thereto (if any) and other relevant documents, and such documents having remained in full effect on the Completion Date;
- b. the obtaining of the approval by the Shareholders at the EGM approving the Equity Transfer Agreement, the attachments thereto (if any) and other relevant documents together with the transactions contemplated thereunder in accordance with the requirements under the Listing Rules;
- c. the Vendor and the Target Company having signed the Leaseback Agreement, pursuant to which the Target Company has conditionally agreed to lease the Properties to the Vendor upon Completion;
- d. the Parties having obtained all necessary internal authorisations required to sign or perform the Equity Transfer Agreement or complete the Disposal, and such authorisations having remained in full effect;
- e. the Parties having obtained all necessary government approval(s) and other third-party license(s) and consent(s) (if necessary) required to sign or perform the Equity Transfer Agreement or complete the Disposal (save for the relevant registration and reporting procedures), such approval(s), license(s) and/or consent(s) having remained in full effect, and the execution and performance of the transaction documents not having caused the Parties to violate any applicable law, its articles of association or equivalent (if applicable) and any agreement signed by such party; and
- f. there being no applicable law or action by government agency(ies) that restrict, prohibit or cancel the Disposal.

All the above conditions precedent are incapable of being waived by the Parties, and shall be fulfilled no later than 31 January 2025 or such later date as the Vendor and the Purchaser may agree in writing.

If all the above conditions precedent are not fulfilled by the Long Stop Date, the Equity Transfer Agreement shall terminate forthwith, and the Vendor must return the Earnest Money in full (excluding its accumulated interest) to the Purchaser within five (5) Business Days after the termination of the Equity Transfer Agreement.

Registration

Within seven (7) Business Days after the Purchaser's payment of RMB24,000,000 (representing 30% of the Consideration) in accordance with the Equity Transfer Agreement, the Vendor and the Target Company shall submit, and the Purchaser shall assist with, the application for the registration of the transfer of the Sale Capital from the Vendor to the Purchaser, together with the change of directors, supervisors and senior management of the Target Company as nominated and directed by the Purchaser.

Completion

Completion shall take place upon completion of the Registration.

Upon Completion, the Company will cease to have any equity interest in the Target Company.

(II) THE LEASEBACK ARRANGEMENT

On the same date (after trading hours of the Stock Exchange), the Vendor (as tenant) and the Target Company (as landlord) entered into the Leaseback Agreement. Pursuant to the Leaseback Agreement, if Completion materialises, the Vendor has conditionally agreed to lease back the Properties from the Target Company for a term of three (3) years commencing from the Commencement Date for an annual rent of RMB2,459,900 for the first year, RMB2,582,895 for the second year and RMB2,712,040 for the third year.

The Leaseback Agreement

The principal terms of the Leaseback Agreement are set out below:

- | | |
|------------------|---|
| Premises: | Properties situated at (i) 4/F, 5/F and 6/F of Industrial Park Block 1, (ii) 1/F to 3/F of Industrial Park Block 2, (iii) 1/F, 2/F to 13/F of Industrial Park Block 4, and (iv) 1/F, 2/F to 8/F of Industrial Park Block 5, No. 251 and 253, Huachuan North Road, Yiwu City, Zhejiang Province, the PRC with a gross floor area of approximately 19,523 square metres |
| Term: | Three (3) years commencing from the Commencement Date (being the Completion Date after fulfilment of all conditions precedent for the Disposal and the Leaseback Arrangement) |
| Usage: | For industrial production and ancillary purposes |

Annual rent: The following annual rent (exclusive of management fee, water and electricity charges and other operative outgoings) shall be paid by the Vendor to the Target Company within three (3) days after the relevant date indicated below:

Annual rent	Relevant date
RMB2,459,900 for the first year	Commencement Date
RMB2,582,895 for the second year	One year following the Commencement Date
RMB2,712,040 for the third year	Two years following the Commencement Date

The rental payments under the Leaseback Agreement are expected to be satisfied by internal resources of the Group.

The terms of the Leaseback Agreement were determined after arm's length negotiations between the relevant parties with reference to a preliminary valuation report prepared by an independent professional valuer in respect of the Properties in the existing state with market rent as at 30 September 2024 of RMB240,000 per month. The unit rent of the Properties of similar usage in the locality as at 30 September 2024 is in the range of RMB12 per square metre to RMB13.6 per square metre. The monthly unit rent under the Leaseback Agreement of approximately RMB10.5 per square metre represents a discount of approximately 14.56% to the market monthly unit rent of the Properties in existing state as at 30 September 2024 of approximately RMB12.29 per square metre.

Conditions precedent for the Leaseback Arrangement

Commencement of the Leaseback Arrangement is subject to the following conditions having been fulfilled:

- a. the Vendor and the Target Company having legally and effectively signed and delivered the Leaseback Agreement, the attachments thereto (if any) and other relevant documents, and such documents having remained in full effect;
- b. the obtaining of the approval by the Shareholders at the EGM approving the Equity Transfer Agreement, the attachments thereto (if any) and other ancillary documents together with the transactions contemplated thereunder in accordance with the requirements under the Listing Rules;
- c. Completion having taken place pursuant to the terms of the Equity Transfer Agreement;

- d. the Vendor and the Target Company having obtained all necessary internal authorisations required to sign or perform the Leaseback Agreement, and such authorisations having remained in full effect;
- e. the Vendor and the Target Company having obtained all necessary government approval(s) and other third-party license(s) and consent(s) (if necessary) required to sign or perform the Leaseback Agreement, such approval(s), license(s) and/or consent(s) having remained in full effect, and the execution and performance of the transaction documents not having caused the Vendor and the Target Company to violate any applicable law, its articles of association or equivalent (if applicable) and any agreement signed by such party; and
- f. there being no applicable law or action by government agency(ies) that restrict, prohibit or cancel the Leaseback Arrangement.

All the above conditions precedent are incapable of being waived by the Vendor and the Target Company, and shall be fulfilled no later than 31 January 2025 or such later date as the Vendor and the Target Company may agree in writing.

If all the above conditions precedent are not fulfilled by the Long Stop Date, the Leaseback Agreement shall terminate forthwith.

Right-of-use assets

Pursuant to HKFRS 16, as a result of the entering into of the Leaseback Agreement, the Properties leased under the Leaseback Agreement will be recognised as right-of-use assets. Since the lease payments to be made under the Leaseback Agreement are below market terms, the right-of-use assets of approximately RMB19,525,000 (being the proportion of the previous carrying amount of the Properties that relates to the right of use retained by the Group after taking into account, including the difference between the consideration and the fair value) will be recognised under the Leaseback Agreement. Such amount is unaudited and may be subject to adjustment.

INFORMATION ON THE TARGET COMPANY

The Target Company was a company established in the PRC in March 2024 with limited liability. As at the date of this announcement, the Target Company is a direct wholly-owned subsidiary of the Vendor, and is principally engaged in properties holding and leasing of factory premises, certain part of the land and properties held by the Target Company were mainly used as the manufacturing and production site for the Group's business segments of wigs and clothing and others.

Land and properties of the Target Company

The Target Company owns (i) a piece of land situated at No. 251 and 253, Huachuan North Road, Yiwu City, Zhejiang Province, the PRC, with a total site area of approximately 19,404 square metres for industrial use; and (ii) six Industrial Park Blocks (including the Properties) on the aforementioned piece of land with a total gross floor area of approximately 62,297.61 square metres.

Financial information of the Target Company

Set out below is the financial information of the Target Company based on the unaudited financial statements of the Target Company for the period commencing from 19 March 2024 (being its date of establishment) to 30 September 2024:

	For the period commencing from 19 March 2024 (being its date of establishment) to 30 September 2024 RMB'000 (unaudited)
Revenue	2,299
(Loss) before taxation	(7,506)
(Loss) after taxation	(7,515)

The total assets, total liabilities and net assets of the Target Company as at 30 September 2024 according to its unaudited financial statements were approximately RMB103,950,000, RMB101,465,000 and RMB2,485,000, respectively.

INFORMATION ON THE PURCHASER

The Purchaser is a company established in the PRC with limited liability and is principally engaged in garment manufacturing.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is owned as to 95% by Zhang Baoli (張保利) and 5% by Wu Yangxi (吳陽西) as at the date of this announcement and each of the Purchaser and its ultimate beneficial owners is an Independent Third Party.

INFORMATION ON THE VENDOR AND THE GROUP

The Vendor, being an indirect wholly-owned subsidiary of the Company, is a company established in the PRC with limited liability. As at the date of this announcement, the Vendor is principally engaged in manufacturing and sale of cosplay costumes, cosplay wigs and sexy lingerie and leasing of factory premises.

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

FINANCIAL EFFECT OF THE DISPOSAL AND LEASEBACK ARRANGEMENT

Upon Completion, the Target Company will cease to be a subsidiary of the Company. As such, the financial information of the Target Company will cease to be consolidated into the consolidated financial statements of the Group.

As the Consideration is below the fair value of the land and properties held by the Target Company and the lease payments under the Leaseback Agreement are below market terms, the Group is expected to record an unaudited loss from the Disposal of approximately RMB16,266,000. Such unaudited loss is estimated based on the gross proceeds from the Disposal of RMB54,929,000 (being the proportion of the Consideration that excludes the right of use of the Properties retained by the Group after taking into account, including the difference between the consideration and the fair value) less the adjusted net asset value of the Target Company of approximately RMB70,640,000 (being the net asset value of the Target Company of approximately RMB2,485,000 as at 30 September 2024 and adjusted for the Shareholder's Loan of approximately RMB100,525,000 as at 30 September 2024 and the proportion of the previous carrying amount of the Properties that relates to the right of use retained by the Group of approximately RMB32,370,000), and after deducting (i) the expenses directly attributable to the Disposal of approximately HK\$566,000 (equivalent to approximately RMB515,000) and (ii) PRC stamp tax payable of approximately RMB40,000. The actual amount of loss on the Disposal to be recorded by the Group will depend on the net asset value of the Target Company and the balance of the Shareholder's Loan as at the date of Completion, therefore may be different from the amount mentioned above, and will be subject to review and final audit by the auditor of the Company.

Following the Completion, the Group expects to recognise an unaudited gain on leaseback of approximately RMB4,876,000, after deducting the carrying amount of the Properties of approximately RMB32,370,000 (being the proportion of the previous carrying amount of the Properties that relates to the right of use retained by the Group after taking into account, including the difference between the consideration and the fair value), the lease liability of approximately RMB7,350,000 (being the present value of the aggregate lease payments to be made under the Leaseback Agreement determined by an estimated discount rate of approximately 5.43%) and the right-of-use assets of approximately RMB19,525,000 (being

the proportion of the previous carrying amount of the Properties that relates to the right of use retained by the Group after taking into account, including the difference between the consideration and the fair value) to be recognised under the Leaseback Agreement from the consideration of approximately RMB25,071,000 (being the proportion of the Consideration that relates to the right of use of the Properties retained by the Group after taking into account, including the difference between the consideration and the fair value).

USE OF PROCEEDS

The net proceeds from the Disposal, after deducting the expenses directly attributable thereto of approximately HK\$566,000 (equivalent to approximately RMB515,000) and the PRC stamp tax payable of approximately RMB40,000, will amount to approximately RMB79,445,000.

The Group intends to use the net proceeds in the following manner:

- (i) as to approximately RMB55,400,000 for expansion and enhancement of the manufacturing and production site located in Yichun City, Jiangxi Province, the PRC, in which (a) approximately RMB9,600,000 for preliminary levelling and geological survey and design, (b) approximately RMB2,500,000 for steel building materials, (c) approximately RMB17,500,000 for foundation construction and supervision works, (d) approximately RMB9,800,000 for fire service installation or equipment and (e) approximately RMB16,000,000 for renovation works;
- (ii) as to approximately RMB18,000,000 for the Group's repayment of principal and/or interests of certain borrowings falling due within the next 12 months; and
- (iii) the remaining balance of approximately RMB6,045,000 for the general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As disclosed in the annual report of the Company for the year ended 31 December 2019, to further enhance our production efficiency and foster the collaboration of companies of our upstream and downstream industries, we began to sub-lease part of our properties to the companies in the relevant industries for the better utilisation of the assets of the Group. In light of recent growing tendency of our properties being idle or under-utilised, the Company has been regularly reviewing the investment items and seeking other opportunities as an alternative to receiving passive sub-leasing income.

In view of the increasing production cost in Yiwu City, Zhejiang Province, the PRC (e.g. rise in wages and difficulty in recruiting labour), the Group intends to gradually relocate its production line for the business segments of wigs and clothing and others to another existing manufacturing and production site of the Group located in Yichun City, Jiangxi Province, the PRC (the "**Relocation Plan**") in order to improve our overall production efficiency and reduce production cost.

As at the date hereof, the Group has already obtained the Construction Project Planning Licence (《建設工程規劃許可證》) issued by the Natural Resources Bureau in Yichun City, certifying that the proposed construction project complies with the land spatial planning and use control requirements. The Group therefore intends to construct a three-level factory building with a total area of approximately 20,516 square meters at Yichun City. It is expected that the Group will incur approximately RMB86,200,000 for construction cost.

Considering that (i) the Group will implement the Relocation Plan and is required to prepare funding for the construction work in coming years and (ii) the land and properties held by the Target Company will become idle after the completion of the Relocation Plan, the Board believes that such land and properties will be realised or leased out eventually.

In light of the sluggish market conditions of the PRC's property market, the demand of the land and properties (including the Properties) held by the Target Company was not as high as expected and the PRC's property market sentiment is more of a buyer's market. The Directors consider that the general real estate will be under higher selling pressure in near future, and hence the Directors do not see any high upside price potential for keeping the land and properties held by the Target Company and this seems to be an opportune moment to realise the same.

As disclosed in the interim report of the Company for the six months ended 30 June 2024, the Group had in total bank borrowings of approximately RMB18,000,000 as of 30 June 2024, all of which shall become due and payable by the Group in coming 12 months.

Accordingly, the Board considers that the Disposal will enable the Group to obtain funding to implement the Relocation Plan and settle certain indebtedness of the Group and to better allocate its resources for the development of its existing business. The net proceeds from the Disposal will make a positive contribution to the cashflow of the Group. Thus, the Board considers that the Disposal shall enable the Company to improve the liquidity and overall financial position of the Group.

Based on the above, the Directors (including the independent non-executive Directors) believe that the terms of the Disposal (including the Consideration) are on normal commercial terms, fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE LEASEBACK ARRANGEMENT

The Leaseback Arrangement is to accommodate the Relocation Plan. The Group has used the Properties as manufacturing and production site for the business segments of wigs and clothing and others since February 2015. Substantial time and resources of the Group would be required to implement the Relocation Plan. It is therefore beneficial for the Group to lease back the Properties upon Completion Date to maintain the stability and efficiency of the manufacturing and production operations of the Group during the interim period without any unnecessary disruption caused by immediate relocation upon Completion.

Based on the above, the Directors (including the independent non-executive Directors) believe that (i) the Leaseback Arrangement was entered into in the ordinary and usual course of business of the Group, and (ii) the terms of the Leaseback Arrangement (including the rent) are on normal commercial terms, 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 ratio(s) (as defined under the Listing Rules) in respect of the Disposal exceed(s) 75%, the entering into of the Equity Transfer Agreement constitutes a very substantial disposal on the part of the Company under the Listing Rules, and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to HKFRS 16, the entering into of the Leaseback Agreement as tenant will require the Group to recognise the Properties as the right-of-use assets on its consolidated statement of financial position, thus the Leaseback Agreement and the transactions contemplated thereunder will be regarded as an acquisition of assets by the Group under the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) calculated based on the value of the right-of-use assets recognised by the Group pursuant to HKFRS 16 under the Leaseback Agreement is/are more than 5% but all of the percentage ratios are less than 25%, the entering into of the Leaseback Agreement constitutes a discloseable transaction on the part of the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

None of the Directors has material interest in the Disposal and the Leaseback Arrangement and hence no Director is required to abstain from voting on the relevant resolution(s) of the Board approving the Equity Transfer Agreement, the Leaseback Agreement and the respective transactions contemplated thereunder.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Equity Transfer Agreement and the transactions contemplated thereunder.

The voting in respect of the Disposal at the EGM will be conducted by way of poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders or any of their associates has any material interest in the Disposal, and will be required to abstain from voting on the relevant resolution(s) to approve the Equity Transfer Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) further information on the Equity Transfer Agreement and the transactions contemplated thereunder, (ii) other information as required under the Listing Rules, and (iii) a notice of the EGM is expected to be despatched to the Shareholders on or before 24 December 2024 as additional time is required to prepare the relevant information to be included in the circular.

Completion of the Disposal and commencement of the Leaseback Arrangement are subject to the fulfilment of the conditions precedent set out in the Equity Transfer Agreement and the Leaseback Agreement, respectively, and therefore the Disposal and the Leaseback Arrangement may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Board”	the board of Directors
“Business Day”	working day other than statutory holidays and rest days stipulated by the PRC government
“Commencement Date”	the Completion Date after fulfilment of all conditions precedent for the Disposal and the Leaseback Arrangement
“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 whose Shares are listed on the Main Board of the Stock Exchange (stock code: 1532)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Equity Transfer Agreement
“Completion Date”	the date of Completion, being the date of completion of Registration
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	a sum of RMB80,000,000, being the consideration for the Sale Capital
“Director(s)”	the director(s) of the Company

“Disposal”	the proposed disposal of the Sale Capital, representing the entire equity interests in the Target Company, by the Vendor to the Purchaser pursuant to the terms and conditions of the Equity Transfer Agreement
“Earnest Money”	a refundable amount of RMB8,000,000, which shall be paid by the Purchaser to the Vendor within three (3) Business Days after the date of the Equity Transfer Agreement
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Equity Transfer Agreement and the transactions contemplated thereunder
“Equity Transfer Agreement”	the conditional equity transfer agreement dated 19 November 2024 and entered into amongst the Vendor, the Purchaser and the Target Company in respect of the Disposal
“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 company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Leaseback Agreement”	the conditional lease dated 19 November 2024 and entered into between the Vendor and the Target Company in respect of the Leaseback Arrangement
“Leaseback Arrangement”	the proposed lease of the Properties by the Vendor from the Target Company for a term of three (3) years commencing from the Commencement Date pursuant to the terms and conditions of the Leaseback Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 January 2025 or such later date as the relevant parties to the Equity Transfer Agreement or the Leaseback Agreement (as the case may be) may agree in writing

“Parties”	collectively, the Vendor, the Purchaser and the Target Company
“PRC”	the People’s Republic of China which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Properties”	collectively, (i) 4/F, 5/F and 6/F of Industrial Park Block 1, (ii) 1/F to 3/F of Industrial Park Block 2, (iii) 1/F, 2/F to 13/F of Industrial Park Block 4, and (iv) 1/F, 2/F to 8/F of Industrial Park Block 5, No. 251 and 253, Huachuan North Road, Yiwu City, Zhejiang Province, the PRC with a gross floor area of approximately 19,523 square metres, being the subject matter of the Leaseback Agreement
“Purchaser”	浙江百慧服飾有限公司 (Zhejiang Bestway Costume & Accessory Co., Ltd), a company established in the PRC with limited liability
“Registration”	the registration and filing procedures as set out in the paragraph headed “(I) The Disposal – The Equity Transfer Agreement – Registration” in this announcement
“Relocation Plan”	has the meaning ascribed thereto in the section headed “Reasons for and benefits of the Disposal” in this announcement
“Sale Capital”	the entire registered capital of the Target Company, which is beneficially owned by the Vendor as at the date of this announcement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Shares from time to time
“Shareholder’s Loan”	the sum of the outstanding loan owed by the Target Company to the Vendor, which shall be waived by the Vendor with effect from the Completion Date pursuant to the Equity Transfer Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	浙江中派企業管理有限公司 (Zhejiang Zhongpai Enterprise Management Co., Ltd*), being a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Vendor as at the date of this announcement
“Vendor”	派對文化集團有限公司 (Partytime Group Co., Ltd*), being a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

* For identification purposes only

For the purpose of this announcement, unless otherwise indicated, conversion of Hong Kong dollars into Renminbi is calculated at the approximate exchange rate of HK\$1.00 to RMB0.91. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

By order of the Board
China Partytime Culture Holdings Limited
Teng Hao
Chairman

Hong Kong, 19 November 2024

As at the date of this announcement, the Board of Directors of the Company consists of (i) three Executive Directors, namely Mr. Teng Hao, Mr. Xu Chengwu and Mr. Chen Jinbo; and (ii) three Independent Non-executive Directors, namely Mr. Zheng Jin Min, Mr. Chen Wen Hua and Ms. Peng Xu.