THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Partytime Culture Holdings Limited, you should at once hand this circular, together with the accompanying form of proxy to the purchaser or the transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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)

VERY SUBSTANTIAL DISPOSAL
IN RELATION TO
THE PROPOSED DISPOSAL OF A PROPERTY HOLDING COMPANY
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company

浦銀國際
SPDB INTERNATIONAL

Capitalised terms used on this cover page shall have the same meanings as defined in this circular, unless the context requires otherwise.

A notice convening the EGM to be held at No. 251 Huachuan North Road, Chian Town, Yiwu City, Zhejiang Province, the PRC on Wednesday, 5 March 2025 at 10:00 a.m. or any adjournment thereof is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.partytime.com.cn. Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours (i.e. Monday, 3 March 2025 at 10:00 a.m.) before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

13 February 2025

CONTENTS

Page

In this circular, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"Announcements"	collectively, (i) the announcement of the Company dated 19 November 2024 in relation to, among other things, the Disposal and the Leaseback Arrangement and (ii) the announcement of the Company dated 15 January 2025 in relation to, among other things, the extension of the Long Stop Date
"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)"	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 held at No. 251 Huachuan North Road, Chian Town, Yiwu City, Zhejiang Province, the PRC on Wednesday, 5 March 2025 at 10:00 a.m. or any adjournment thereof 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 (as amended and supplemented by a supplemental agreement dated 15 January 2025) 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
"Latest Practicable Date"	4 February 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
"Leaseback Agreement"	the conditional lease dated 19 November 2024 (as amended and supplemented by a supplemental agreement dated 15 January 2025) 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 March 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 circular 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 circular
"Relocation Plan"	has the meaning ascribed thereto in the section headed "Reasons for and benefits of the Disposal" in this circular
"Remaining Group"	the Company and its subsidiaries (excluding the Target Company) after Completion
"Sale Capital"	the entire registered capital of the Target Company, which is beneficially owned by the Vendor as at the Latest Practicable Date
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company

"Shareholder(s)"	holder(s) of the 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 Latest Practicable Date
"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

* *the English translation of Chinese names or words in this circular, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words*

For the purpose of this circular, unless otherwise indicated, conversion of Renminbi into Hong Kong dollars 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.

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)

Executive Directors
Mr. Teng Hao *(Chairman)*
Mr. Xu Chengwu *(Chief Executive Officer)*
Mr. Chen Jinbo

Independent non-executive Directors
Mr. Zheng Jin Min
Mr. Chen Wen Hua
Ms. Peng Xu

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Principal place of business in Hong Kong
Room 225–27, 2/F., Mega Cube
8 Wang Kwong Road, Kowloon Bay
Kowloon
Hong Kong

13 February 2025

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL
IN RELATION TO
THE PROPOSED DISPOSAL OF A PROPERTY HOLDING COMPANY
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference are made to the Announcements in relation to, among other things, the Disposal and the Leaseback Arrangement.

The purpose of this circular is to give you notice of the EGM and to provide you with, among other things, (i) further information on the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) the financial information of the Target Company and the Group; (iii) the unaudited pro forma financial information of the Remaining Group upon Completion; and (iv) property valuation report of the Target 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 Latest Practicable Date, 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 34.36% to the adjusted net asset value of the Target Company as at 30 September 2024 of approximately RMB121,883,000 (calculated based on the unaudited net asset value of the Target Company as at 30 September 2024 of approximately RMB4,042,000, adding back the Shareholder's Loan of approximately RMB98,391,000 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. Seven parties were invited to participate in the private bid process for the Disposal and three 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 so as to ensure fairness of the bidding process. All bids received were provided with, among other things, the background information of the bidders (including their business licence, credit report and shareholding structure) and their indication of willingness to lease back the Properties to the Vendor upon Completion. The prices offered in the bids received were in a range of RMB70,000,000 to RMB80,000,000. The final purchaser was determined after evaluation with reference to various factors including, among other things, (i) proposed commercial terms (including the consideration) in respect of the Disposal; (ii) willingness to lease back the Properties to the Vendor upon Completion; (iii) reputation and creditability of the relevant bidders; and (iv) willingness to accommodate the timeline of the transaction. The Purchaser was subsequently selected as it fit well with the criteria as described above, in particular, (i) the price it offered for the Disposal was the highest, (ii) the monthly unit rent it offered for the Leaseback

Arrangement was favourable, details of which are set out in the section headed "(II) The Leaseback Arrangement – The Leaseback Agreement – Annual rent" in this circular, and (iii) the terms it offered in respect of the Disposal 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 also took into account, among other things, the following:

(i) the unaudited net asset value of the Target Company of approximately RMB4,042,000 as at 30 September 2024;

(ii) the current adverse market conditions and property market sentiments in the PRC; and

(iii) other factors as set out in the section headed "Reasons for and benefits of the Disposal" in this circular.

In light of the above, the Directors consider that the private bidding process and the Consideration were fair and reasonable.

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 March 2025 or such later date as the Vendor and the Purchaser may agree in writing. As at the Latest Practicable Date, save for conditions (c) and (d), all the other conditions have not been fulfilled.

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 March 2025 or such later date as the Vendor and the Target Company may agree in writing. As at the Latest Practicable Date, save for conditions (a) and (d) above, all the other conditions have not been fulfilled.

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 Latest Practicable Date, the Target Company is a direct wholly-owned subsidiary of the Vendor and is principally engaged in properties holding and leasing of factory premises, and certain parts 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	1,721
(Loss) before taxation	(5,949)
(Loss) after taxation	(5,958)

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, RMB99,908,000 and RMB4,042,000, 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 Latest Practicable Date and each of the Purchaser and its ultimate beneficial owners is an Independent Third Party.

Prior to the date of the Equity Transfer Agreement and the Leaseback Agreement and as at the Latest Practicable Date, the Group has not provided any loan facility to each of the Purchaser and its ultimate beneficial owners.

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 Latest Practicable Date, 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 RMB15,689,000. 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 RMB70,063,000 (being the net asset value of the Target Company of approximately RMB4,042,000 as at 30 September 2024 and adjusted for the Shareholder's Loan of approximately RMB98,391,000 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).

According to the interim report of the Company for the six months ended 30 June 2024, the unaudited consolidated total assets and total liabilities of the Group as at 30 June 2024 were approximately RMB498,086,000 and RMB65,185,000, respectively. Based on the unaudited pro forma financial information of the Remaining Group set out in Appendix III to this circular, assuming Completion had taken place on 30 June 2024, the unaudited pro forma consolidated total assets and total liabilities of the Remaining Group as at 30 June 2024 would be approximately RMB492,003,000 and RMB72,535,000, respectively.

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 RMB24,150,000 for expansion and enhancement of the manufacturing and production site located in Yichun City, Jiangxi Province, the PRC, in which (a) approximately RMB600,000 for preliminary levelling and geological survey and design, (b) approximately RMB2,070,000 for steel building materials, (c) approximately RMB6,680,000 for foundation construction and supervision works, (d) approximately RMB4,800,000 for fire service installation or equipment, and (e) approximately RMB10,000,000 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, comprising (a) a loan in the principal amount of RMB10,000,000 at the interest rate of 3.2% per annum due on 10 March 2025, (b) a loan in the principal amount of RMB5,000,000 at the interest rate of 3.0% per annum due on 18 June 2025 and (c) a loan in the principal amount of RMB3,000,000 at the interest rate of 3.2% per annum due on 4 June 2025; and

(iii) the remaining balance of approximately RMB37,295,000 for the general working capital of the Group, in which (a) approximately RMB16,783,000 for staff costs of the Group, (b) approximately RMB13,053,000 for material costs for production of the Group and (c) approximately RMB7,459,000 for other day-to-day operating expenses, such as maintenance expenses for our existing wigs, clothing and others, and our fabric care, personal hygiene and home care products businesses.

Such amount is allocated to the general working capital of the Group as the Company believes that there is a need to increase its available cash resources for the business operations and continuing development of the Group taking into consideration the following factors:

(I) The current cashflow of the Group is relatively tight. As disclosed in the interim report of the Company for the six months ended 30 June 2024 ("**6M2024**"), the unaudited consolidated cash and cash equivalents as at 30 June 2024 was approximately RMB36,184,000. This represents a decrease of approximately 69.2% and 26.8% as compared with the unaudited consolidated cash and cash equivalents of approximately RMB117,643,000 as at 30 June 2023 and the audited consolidated cash and cash equivalents of approximately RMB49,456,000 as at 31 December 2023, respectively. Despite that the audited consolidated net cash generated from operating activities for the year ended 31 December 2023 ("**FY2023**") was approximately RMB53,845,000, the unaudited consolidated net cash used in operating activities for 6M2024 amounted to approximately RMB10,309,000.

(II) The current downward trend in revenue may further reduce the operating cashflow of the Group. The unaudited consolidated revenue of the Company for 6M2024 declined from that of approximately RMB191,189,000 for the six months ended 30 June 2023 to approximately RMB164,639,000.

(III) The trade conflicts between the PRC and the United States may continue to bring uncertainty to global markets and to a certain extent impact businesses. The United States is a major market to the Group, accounting for approximately 66.8% of our revenue for FY2023. An increase of available cash resources would help the Group to cope with the market changes in the coming 12–24 months.

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 Latest Practicable Date, 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 total construction cost for the construction project in Yichun City, including the production lines, shall be approximately RMB86,200,000.

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. Following discussions with several real estate agencies in Yiwu City, Zhejiang Province, the PRC, the

Company was given the understanding that it would be unlikely to receive any bid which was close to RMB100 million. The Directors consider that the market sentiment does not show material signals of improvement and 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. The Directors believe that holding onto the Sale Capital may end up leading to the Company disposing the same at a more substantial discount and taking a more significant loss at a later time. In addition, in view of the scale of the land and properties held by the Target Company, it is also reasonable for the Disposal to be subject to a blockage discount. As such, the Directors consider it is prudent to proceed with the Disposal at the current Consideration rather than to wait for the market to recover so as to improve the liquidity of the Company.

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.

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.

CLOSURE OF REGISTER OF MEMBERS

The EGM is scheduled to be held on Wednesday, 5 March 2025. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 28 February 2025 to Wednesday, 5 March 2025 (both days inclusive) during such period no transfer of Shares will be registered and Shareholders whose names on the register of members of the Company on Wednesday, 5 March 2025 shall have the right to attend and vote at the EGM. In order to attend and vote at the EGM, all duly completed share transfer documents, accompanied by the relevant share certificate(s), must be lodged for registration with Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Thursday, 27 February 2025.

EGM

The EGM will be held for the Shareholders to consider and, if thought fit, approve the Equity Transfer Agreement and the transactions contemplated thereunder. A notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular.

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 form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours (i.e. Monday, 3 March 2025 at 10:00 a.m.) before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to revoked.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon its ultimate beneficial owners and their respective associates; and (ii) no obligation or entitlement of its ultimate beneficial owners and their respective associates as at the Latest Practicable Date, whereby it or he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its or his Shares to a third party, either generally or on a case-by-case basis.

The Company will announce the results of the poll in the manner prescribed under Rules 13.39(5) and 13.39(5A) of the Listing Rules.

RECOMMENDATION

The Board considers that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this 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.

Yours faithfully,
For and on behalf of the Board
China Partytime Culture Holdings Limited
Teng Hao
Chairman

I. FINANCIAL INFORMATION OF THE GROUP

The consolidated financial statements of the Group, together with the accompanying notes, for the three years ended 31 December 2023 and the six months ended 30 June 2024 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.partytime.com.cn).

(i) annual report of the Group for the year ended 31 December 2021 published on 21 April 2022 (pages 63 to 163)
(https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0421/2022042100832.pdf)

(ii) annual report of the Group for the year ended 31 December 2022 published on 27 April 2023 (pages 63 to 179)
(https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042702799.pdf)

(iii) annual report of the Group for the year ended 31 December 2023 published on 18 April 2024 (pages 66 to 179)
(https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0418/2024041801272.pdf)

(iv) interim report of the Group for the six months ended 30 June 2024 published on 12 September 2024 (pages 15 to 69)
(https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0912/2024091201047.pdf)

II. INDEBTEDNESS STATEMENT

As at the close of business on 31 December 2024, being the latest practicable date for the purpose of ascertaining this indebtedness statement prior to the printing of this circular, the Group had total indebtedness of approximately RMB25,954,000, which comprised the following:

	RMB'000
Bank borrowings – current	18,000
Lease liabilities	7,954
	25,954

Save as aforesaid, and apart from intra-group liabilities, as at 31 December 2024, the Group did not have any outstanding mortgages, charges, debentures, debt securities or other loan capital or bank overdrafts or loans or other similar indebtedness or finance lease commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments or guarantees or other material contingent liabilities, nor any authorised or otherwise created but unissued debt securities.

The Directors are not aware of any material change in the indebtedness and contingent liability position of the Group since 31 December 2024 and up to the Latest Practicable Date.

III. WORKING CAPITAL

The Directors, after due and careful enquiry and taking into consideration the financial resources available to the Group, including banking facilities and other internal resources, are of the opinion that the Group will have sufficient working capital for at least the next 12 months commencing from the date of this circular in the absence of unforeseen circumstances. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

IV. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

V. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

The Company is an investment holding company. As at the Latest Practicable Date, the Board has no plan to change the principal business of the Group. Immediately after the Disposal, it is expected that the Remaining Group would continue to carry on 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.

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

Set out below is the unaudited financial information of 浙江中派企業管理有限公司 (Zhejiang Zhongpai Enterprise Management Co., Ltd) (the "**Target Company**"), which comprises the unaudited statement of financial position of the Target Company as at 30 September 2024, the unaudited statement of profit or loss and other comprehensive income, the unaudited statement of changes in equity and the unaudited statement of cash flows of the Target Company for the period commencing from 19 March 2024 (being its date of establishment) to 30 September 2024 (the "**Relevant Period**") and certain explanatory notes (collectively referred to as the "**Unaudited Financial Information**").

The Unaudited Financial Information has been prepared in accordance with Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the basis of preparation as set out in note 2 to the Unaudited Financial Information and is prepared by the Directors solely for the purposes of inclusion in this circular in connection with the Disposal and the Leaseback Arrangement.

Grant Thornton Hong Kong Limited, the auditor of China Partytime Culture Holdings Limited (the "**Company**"), was engaged to review the Unaudited Financial Information set out in Appendix II to this circular in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* and with reference to Practice Note 750, *Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditor to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the auditor does not express an audit opinion.

Based on the review of the auditor of the Company, nothing has come to their attention that causes them to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information.

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM 19 MARCH 2024 (DATE OF ESTABLISHMENT) TO 30 SEPTEMBER 2024

	RMB'000
Revenue	1,721
Other income	1
Administrative and other operating expenses	(7,671)
Loss before income tax	(5,949)
Income tax expense	(9)
Loss and total comprehensive expenses for the period	(5,958)

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024

	RMB'000
ASSETS AND LIABILITIES	
Non-current assets	
Investment properties	96,979
Property, plant and equipment	6,313
	103,292
Current asset	
Bank balances and cash	658
Current liabilities	
Other payable	1,517
Amount due to an intermediate holding company	98,391
	99,908
Net current liabilities	(99,250)
Net assets	4,042
CAPITAL AND RESERVES	
Paid-in capital	10,000
Accumulated losses	(5,958)
Total equity	4,042

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 19 MARCH 2024 (DATE OF ESTABLISHMENT) TO 30 SEPTEMBER 2024

	Paid-in capital	**Accumulated losses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Issuance of paid-in capital	10,000	–	10,000
Loss and total comprehensive expenses for the period	–	(5,958)	(5,958)
Balance at 30 September 2024	10,000	(5,958)	4,042

UNAUDITED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 19 MARCH 2024 (DATE OF ESTABLISHMENT) TO 30 SEPTEMBER 2024

	RMB'000
Cash flows from operating activities	
Loss before income tax	(5,949)
Adjustments for:	
Depreciation of property, plant and equipment	3,115
Depreciation of investment properties	4,084
Bank interest income	(1)
Operating profit before working capital changes	1,249
Increase in other payables	1,517
Decrease in amount due to an intermediate holding company	(2,100)
Cash generated from operations	666
Income taxes paid	(9)
Net cash generated from operating activities	657
Cash flows from investing activity	
Interest received	1
Net cash generated from investing activity	1
Net increase in cash and cash equivalents	658
Cash and cash equivalents at the beginning of the period	–
Cash and cash equivalents at the end of the period, represented by bank balances and cash	658

NOTES TO THE UNAUDITED HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Zhejiang Zhongpai Enterprise Management Co., Ltd (the "**Target Company**"), an indirect wholly-owned subsidiary of China Partytime Culture Holdings Limited (the "**Company**"), was incorporated with limited liability on 19 March 2024 in the People's Republic of China. During the period from 19 March 2024 (its date of establishment) to 30 September 2024 (the "**Relevant Period**"), the Target Company is principally engaged in the leasing of factory premises.

The functional currency of the Target Company is in Renminbi ("**RMB**") and all values are rounded to the nearest thousand ("**RMB'000**"), except when otherwise indicated.

The Company's subsidiary, Partytime Group Co., Ltd ("**Partytime Group**"), as vendor, Zhejiang Bestway Costume & Accessory Co., Ltd ("**Zhejiang Bestway**"), as purchaser, and the Target Company entered into an Equity Transfer Agreement related to the disposal of the entire equity interest of the Target Company, Partytime Group (as lessee) and the Target Company (as lessor) also entered into a leaseback agreement in relation to the leaseback of certain properties from the Target Company for a term of three years. Partytime Group will lose the control of the properties at the completion date of the Disposal and Zhejiang Bestway keeps control during or at the end of the leasing period because Zhejiang Bestway has ability to direct the use of, and obtain substantially all of the remaining benefits from the properties.

2. BASIS OF PREPARATION

The unaudited financial information of the Target Company for the Relevant Period has been prepared solely for the purpose of inclusion in the circular to be issued by the Company in connection with the proposed disposal of 100% equity interests in the Target Company in accordance with Rule 14.68(2)(a)(i) of the Listing Rules and in accordance with the same accounting policies adopted by the Company in the preparation of the consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2023 (the "**Relevant Year**"), which conform with Hong Kong Financial Reporting Standards issued by the HKICPA. The financial information of the Target Company has been prepared under the historical cost convention.

The unaudited financial information of the Target Company does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" or a complete condensed interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA, and that it should be read in conjunction with the relevant published annual financial statements of the Company for the Relevant Year.

As at 30 September 2024, the Target Company's current liabilities exceeded current assets by approximately RMB99,250,000. The unaudited financial information has been prepared on a going concern basis because the Company agreed to provide adequate financial support to the Target Company at least the next 12 months from the end of the reporting period of the unaudited financial information or up to the completion date of the Disposal, whichever is shorter.

3. NON-CASH TRANSACTIONS

During the Relevant Period, the Target Company entered into the following non-cash transactions:

(a) The Target Company issued paid-in capital totalling RMB10,000,000, which was settled by offsetting the amount due to the intermediate holding company.

(b) The Target Company acquired property, plant, and equipment and investment properties from the intermediate holding company, valued at approximately RMB9,428,000 and RMB101,063,000, respectively, which were settled by offsetting the amount due to the intermediate holding company.

(c) The Target Company leased the investment properties to the Group at nil consideration.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Introduction

The following is the unaudited pro forma financial information of China Partytime Culture Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**"), comprising the unaudited pro forma consolidated statement of financial position as at 30 June 2024 and the unaudited pro forma consolidated statement of profit or loss and other comprehensive income, and the unaudited pro forma consolidated cash flow statement for the year ended 31 December 2023 and related notes (collectively, the "**Unaudited Pro Forma Financial Information**").

The Unaudited Pro Forma Financial Information is prepared by the directors of the Company (the "**Directors**") in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), for the purpose of illustrating the effect of the proposed disposal of the entire equity interests in Zhejiang Zhongpai Enterprise Management Co., Ltd (the "**Target Company**") (the "**Disposal**") and the leaseback of the properties for a term of three years (the "**Leaseback Arrangement**") as described in the section headed "Letter from the Board" in this circular.

The Unaudited Pro Forma Financial Information presented below is prepared to illustrate (i) the consolidated financial position of the Remaining Group as at 30 June 2024 as if the Disposal and the Leaseback Arrangement had been completed on 30 June 2024; and (ii) the consolidated statement of profit or loss and other comprehensive income of the Remaining Group and the consolidated cash flow statement of the Remaining Group for the year ended 31 December 2023 as if the Disposal and the Leaseback Arrangement had been completed on 1 January 2023.

The Unaudited Pro Forma Financial Information of the Remaining Group is based upon the audited consolidated financial information of the Group for year ended 31 December 2023, which has been derived from the Company's published annual report for the year ended 31 December 2023 and the unaudited consolidated financial information of the Group as at 30 June 2024, which has been derived from the Company's published interim report for the six months ended 30 June 2024, after taking pro forma adjustments as summarised in the accompanying notes that are clearly shown and explained, factually supportable and directly attributable to the Disposal and the Leaseback Arrangement and not relating to future events or decision.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial position of the Remaining Group had the Disposal and the Leaseback Arrangement been completed on 30 June 2024, or any future date, and the financial performance and cash flows of the Remaining Group had the Disposal and the Leaseback Arrangement been completed on 1 January 2023, or any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in its published interim report of the Company for the six months ended 30 June 2024 and published annual report for the year ended 31 December 2023 and other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE REMAINING GROUP

As at 30 June 2024

	The Group	Pro Forma Adjustments	The Remaining Group
	RMB'000	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2)*	
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	216,561	(69,213)	147,348
Right-of-use assets	6,847	19,866	26,713
Investment properties	70,730	(35,982)	34,748
Interests in associates	1,540	–	1,540
Goodwill	8,369	–	8,369
Intangible assets	3,886	–	3,886
Deferred tax assets	20,193	–	20,193
	328,126	(85,329)	242,797
Current assets			
Inventories	20,725	–	20,725
Trade and other receivables	113,051	(199)	112,852
Bank balances and cash	36,184	79,445	115,629
	169,960	79,246	249,206
Current liabilities			
Trade and other payables	44,919	–	44,919
Contract liabilities	873	–	873
Bank borrowings	18,000	–	18,000
Lease liabilities	–	2,184	2,184
Derivative financial instruments	72	–	72
Tax payable	912	–	912
	64,776	2,184	66,960
Net current assets	105,184	77,062	182,246
Total assets less current liabilities	433,310	(8,267)	425,043

	The Group *RMB'000* *(Note 1)*	Pro Forma Adjustments *RMB'000* *(Note 2)*	The Remaining Group *RMB'000*
Non-current liabilities			
Lease liabilities	–	5,166	5,166
Deferred tax liabilities	409	–	409
	409	5,166	5,575
Net assets	432,901	(13,433)	419,468
CAPITAL AND RESERVES			
Share capital	15,072	–	15,072
Reserves	391,148	(13,433)	377,715
Equity attributable to owners of the Company	406,220	(13,433)	392,787
Non-controlling interests	26,681	–	26,681
Total equity	432,901	(13,433)	419,468

UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE REMAINING GROUP

For the year ended 31 December 2023

	2023	Pro Forma Adjustments			The Remaining Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 3(a))*	*(Note 3(b))*	*(Note 3(c))*	
Revenue	355,675	–	–	–	355,675
Costs of sales	(268,637)	–	–	–	(268,637)
Gross profit	87,038	–	–	–	87,038
Other income	17,140	(3,960)	–	–	13,180
Selling expenses	(7,689)	–	–	–	(7,689)
Loss from disposal of a subsidiary and sale and leaseback arrangement, net	–	–	(28,839)	–	(28,839)
Share of loss of associates	(46)	–	–	–	(46)
ECL allowance on trade receivables, net	(3,273)	–	–	–	(3,273)
Reversal of ECL allowance on net investment in leases	137	–	–	–	137
Impairment loss on property, plant and equipment	(3,772)	–	–	–	(3,772)
Fair value loss on derivative financial instruments	(404)	–	–	–	(404)
Fair value loss on contingent consideration	(2,560)	–	–	–	(2,560)
Fair value loss on financial asset at fair value through profit or loss	(5,092)	–	–	–	(5,092)
Administrative and other operating expenses	(93,767)	6,573	–	(6,952)	(94,146)
Loss from operations	(12,288)	2,613	(28,839)	(6,952)	(45,466)
Finance costs	(2,566)	–	–	(265)	(2,831)
Loss before income tax	(14,854)	2,613	(28,839)	(7,217)	(48,297)
Income tax expenses	(3,758)	–	–	–	(3,758)
Loss for the year	(18,612)	2,613	(28,839)	(7,217)	(52,055)

	2023	Pro Forma Adjustments			The Remaining Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 3(a))*	*(Note 3(b))*	*(Note 3(c))*	
Other comprehensive income:					
Items that will be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operation recognised	1,131	–	–	–	1,131
Other comprehensive income for the year, net of nil tax	1,131	–	–	–	1,131
Total comprehensive expenses for the year	(17,481)	2,613	(28,839)	(7,217)	(50,924)
(Loss)/profit for the year attributable to:					
Owners of the Company	(23,932)	2,613	(28,839)	(7,217)	(57,375)
Non-controlling interests	5,320	–	–	–	5,320
	(18,612)	2,613	(28,839)	(7,217)	(52,055)
Total comprehensive (expenses)/income attributable to:					
Owners of the Company	(22,801)	2,613	(28,839)	(7,217)	(56,244)
Non-controlling interests	5,320	–	–	–	5,320
	(17,481)	2,613	(28,839)	(7,217)	(50,924)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE REMAINING GROUP

For the year ended 31 December 2023

	The Group	Pro Forma Adjustments			The Remaining Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 3(a))*	*(Note 3(b))*	*Note 3(c))*	
Cash flows from operating activities					
Loss before income tax	(14,854)	2,613	(28,839)	(7,217)	(48,297)
Adjustments for:					
Depreciation of right-of-use assets	186	–	–	6,952	7,138
Depreciation of property, plant and equipment	16,113	(4,846)	–	–	11,267
Depreciation of investment properties	3,398	(1,727)	–	–	1,671
Amortisation of intangible assets	3,915	–	–	–	3,915
Interest income	(346)	–	–	–	(346)
Income relating to net investment in leases	(637)	–	–	–	(637)
Interest expenses	2,311	–	–	–	2,311
Finance charge on lease liabilities	255	–	–	265	520
Loss on disposal of property, plant and equipment	10,083	–	–	–	10,083
Fair value loss on financial asset at financial asset at fair value through profit or loss ("**FVTPL**")	5,092	–	–	–	5,092
Share of loss of associates	46	–	–	–	46
Expected credit losses ("**ECL**") allowance on trade receivables	3,273	–	–	–	3,273
Reversal of ECL allowance on net investment in leases	(137)	–	–	–	(137)
Impairment loss on property, plant and equipment	3,772	–	–	–	3,772
Loss on disposal of a subsidiary and sale and leaseback arrangement, net	–	–	28,839	–	28,839
Fair value loss on contingent consideration	2,560	–	–	–	2,560
Fair value loss on derivative financial instruments	404	–	–	–	404
Share-based payment expenses	729	–	–	–	729

	The Group	Pro Forma Adjustments			The Remaining Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 3(a))*	*(Note 3(b))*	*Note 3(c))*	
Operating profit before working capital changes	36,163	(3,960)	–	–	32,203
Decrease in inventories	3,434	–	–	–	3,434
Decrease in trade and other receivables	7,508	–	–	–	7,508
Increase in trade and other payables	7,060	–	–	–	7,060
Decrease in contract liabilities	(256)	–	–	–	(256)
Cash generated from operations	53,909	(3,960)	–	–	49,949
Interest paid	(2,566)	–	–	–	(2,566)
Income taxes refund	2,502	–	–	–	2,502
Net cash generated from operating activities	53,845	(3,960)	–	–	49,885
Cash flows from investing activities					
Interest received	346	–	–	–	346
Purchase of property, plant and equipment	(19,119)	–	–	–	(19,119)
Acquisition of subsidiaries, net of cash acquired	37	–	–	–	37
Proceeds from disposal of a subsidiary, net of cash disposed of	–	–	79,445	–	79,445
Proceeds from disposal of property, plant and equipment	190	–	–	–	190
Proceeds from receipt of net investment in leases	7,522	–	–	–	7,522
Net cash used in investing activities	(11,024)	–	79,445	–	68,421

	The Group	Pro Forma Adjustments			The Remaining Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 3(a))*	*(Note 3(b))*	*Note 3(c))*	
Cash flows from financing activities					
Proceeds from borrowings	41,000	–	–	–	41,000
Repayment of borrowings	(104,750)	–	–	–	(104,750)
Proceeds from issue of shares	29,255	–	–	–	29,255
Transactions costs directly attributable to issue of ordinary shares	(456)	–	–	–	(456)
Payment of lease liabilities	(6,161)	–	–	(2,460)	(8,621)
Net cash used in financing activities	(41,112)	–	–	(2,460)	(43,572)
Net increase in cash and cash equivalents	1,709	(3,960)	79,445	(2,460)	74,734
Cash and cash equivalents at the beginning of the year	47,551	–	–	–	47,551
Effect of foreign exchange rate changes	196	–	–	–	196
Cash and cash equivalents at the end of the year, represented by bank balances and cash	49,456	(3,960)	79,445	(2,460)	122,481

Notes:

1. The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024 as set out in the published interim report of the Company for the six months ended 30 June 2024 and audited consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows of the Group for the year ended 31 December 2023 as set out in the published annual report of the Company for the year ended 31 December 2023.

   The Company's subsidiary, Partytime Group Co., Ltd ("**Partytime Group**"), as vendor and Zhejiang Bestway Costume & Accessory Co., Ltd ("**Zhejiang Bestway**"), as purchaser, and the Target Company entered into an Equity Transfer Agreement related to the disposal of the entire equity interest of the Target Company. Partytime Group as a lessee and the Target Company as a lessor entered into the lease agreement related to the leasing back of part of the properties, which shall commence upon completion of the Disposal, as described in "Letter from the Board" to this circular.

   The Disposal and the Leaseback Arrangement are regarded as a sale and leaseback transaction. Under the Leaseback Arrangement, Partytime Group has no repurchase option during or at the end of the leasing period. Zhejiang Bestway will obtain the control of the properties at the completion date of the Disposal and during or at the end of the leasing period because Zhejiang Bestway has ability to direct the use of, and obtain substantially all of the remaining benefits from the properties. Accordingly, the Disposal and the Leaseback Arrangement shall be accounted for a sales arrangement in accordance with Hong Kong Financial Reporting Standards 15 "Revenue from Contracts with Customers" and the lease shall be recognised in the form of a right-of-use asset and a lease liability in accordance with Hong Kong Financial Reporting Standard 16 "Lease" in the Unaudited Pro Forma Financial Information of the Group. As such, Partytime Group as a seller-lessee measures the right-of-use assets arising from the leasing back and recognises the gain or loss that relates to the rights transferred to the buyer-lessor.

2. The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of financial position, assuming the Disposal and the Leaseback Arrangement had taken place on 30 June 2024:

		RMB'000
Assets and liabilities of the Target Company over which control was lost		
Property, plant and equipment and investment properties	(i)	105,195
Other assets	(ii)	199
Net assets disposed of	(iii)	105,394
Estimated loss on the Disposal and the Leaseback Arrangement		
Consideration		80,000
Net assets disposed of		(105,394)
Estimated transactions costs directly attributable to the Disposal and the Leaseback Arrangement	(iv)	(555)
Right-of-use asset retained through the leaseback	(v)	19,866
Lease liabilities arising from the Leaseback Arrangement	(vi)	(7,350)
		(13,433)

(i) The amount represents the carrying amount on the property, plant and equipment and investment properties of the Target Company as of 30 June 2024.

(ii) The amount represents the carrying amount of the other assets of the Target Company as of 30 June 2024.

(iii) The net assets of the Target Company being disposed of is taking into consideration of the waiver of amount due to the intermediate holding company of RMB99,491,000 which included the acquisition of property, plant and equipment and investment properties from an intermediate holding company as described in Note 3 Non-cash Transactions in Appendix II.

(iv) The transaction costs represent professional fee directly attributable to the Disposal and the Leaseback Arrangement of the Target Company which are estimated to be approximately RMB555,000 and it is assumed that the fees would be settled by cash.

(v) The amount represents the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the premises that relates to the right of use the Group retained and the prepayment of lease payment which represented the difference between the fair value of consideration and the fair value of the premises from leaseback.

(vi) The amount represented the present value of future lease payments for the portion of premises the Group retains at the commencement date.

(vii) No other adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2024 apart from those adjustments above.

3. The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows, assuming the Disposal and the Leaseback Arrangement had taken place on 1 January 2023:

(a) The adjustment represents the exclusion of the results and cashflows of the property, plant and equipment and investment properties of the Target Company as if the Disposal and the Leaseback Arrangement had been completed on 1 January 2023 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

(b) The adjustments represent the estimated net loss on disposal assuming the Disposal and the Leaseback Arrangement had taken place on 1 January 2023 and is calculated as follows:

		RMB'000
Assets or liabilities disposal of		
Property, plant and equipment and investment properties	(i)	121,789
Net assets disposed of		121,789
Estimated net loss on the Disposal and the Leaseback Arrangement:		
Consideration		80,000
Net assets disposed of		(121,789)
Estimated transactions costs directly attributable to the Disposal and the Leaseback Arrangement	(ii)	(555)
Right-of-use asset retained through the leaseback	(iii)	20,855
Lease liabilities arising from the Leaseback Arrangement	(iv)	(7,350)
		(28,839)

(i) The amount represents the carrying amount on the property, plant and equipment and investment properties to be disposed as of 1 January 2023.

(ii) The transaction costs represent professional fee directly attributable to the Disposal and the Leaseback Arrangement of the Target Company which are estimated to be approximately RMB555,000 and it is assumed that the fees would be settled by cash.

(iii) The amount represents the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the premises that relates to the right of use the Group retained and the prepayment of lease payment represented the difference between fair value of consideration and the fair value of the premises from leaseback.

(iv) The amount represented the present value of future lease payments for the portion of premises the Group retains at the commencement date.

(v) No other adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 1 January 2023 apart from those adjustments above.

(c) The adjustment represents the depreciation of approximately RMB6,952,000 charged on right-of-use assets for the year and the reduction of the amount of lease liabilities by approximately RMB2,195,000, which taken into account of the payment of lease liabilities of approximately RMB2,460,000 netted off with the recognised finance charge on lease liabilities of approximately RMB265,000 as if the lease had taken place on 1 January 2023. The depreciation expense and the finance charge on lease liabilities are expected to have a continuing effect on the Group among the lease period.

4. The above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from Grant Thornton Hong Kong Limited, Certified Public Accountants, in respect of the unaudited pro forma financial information of the Remaining Group.

To the Directors of China Partytime Culture Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Partytime Culture Holdings Limited (the "**Company**") and its subsidiaries (excluding the Target Company) (together, the "**Remaining Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2024, and the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2023 and the related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages III-1 to III-12 of Appendix III to the circular dated 13 February 2025 (the "**Circular**") issued by the Company in connection with the proposed disposal of the entire equity interests in Zhejiang Zhongpai Enterprise Management Co., Ltd (the "**Disposal**") and the leaseback of certain properties for a term of three years (the "**Leaseback Arrangement**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-10 to III-12 of Appendix III to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Disposal and the Leaseback Arrangement on the Group's financial position as at 30 June 2024 and the Group's financial performance and cash flows for the year ended 31 December 2023 as if the Disposal and the Leaseback Arrangement had taken place at 30 June 2024 and 1 January 2023, respectively. As part of this process, information about the Group's financial position as at 30 June 2024 has been extracted by the Directors from the Group's unaudited condensed consolidated financial information for the six months ended 30 June 2024, on which an interim report has been published. Information about the Group's financial performance and cash flows for the year ended 31 December 2023 has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2023, on which an annual report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Disposal and the Leaseback Arrangement on unadjusted financial information of the Group as if the Disposal and the Leaseback Arrangement had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposal and the Leaseback Arrangement at 30 June 2024 or 1 January 2023 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Grant Thornton Hong Kong Limited
Certified Public Accountants
Hong Kong
13 February 2025

The Group is principally engaged in 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.

There will be no change to the principal business of the Remaining Group as a result of the Disposal. Set out below is the management discussion and analysis on the Remaining Group for each of the financial years ended 31 December 2021 ("**FY2021**"), 31 December 2022 ("**FY2022**") and 31 December 2023 ("**FY2023**") and the six months ended 30 June 2024 ("**6M2024**"), respectively.

For the purpose of this circular, the financial information in respect of the Remaining Group is derived from the audited consolidated financial statements of the Group for FY2021, FY2022 and FY2023 as well as the unaudited consolidated financial statements of the Group for 6M2024, and adjusted as appropriate.

BUSINESS AND FINANCIAL REVIEW

The business of the Remaining Group can be classified into two major categories, namely contract manufacturing service ("**CMS**") business and original brand manufacturing ("**OBM**") business. A summary of the revenues and gross profit of each segment of the Remaining Group for FY2021, FY2022, FY2023 and 6M2024 is as follows:

	FY2021		**FY2022**		**FY2023**		**6M2024**	
	Revenue	**Gross Profit**	**Revenue**	**Gross Profit**	**Revenue**	**Gross Profit**	**Revenue**	**Gross Profit**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
CMS business	200,464	53,417	195,045	45,947	208,646	46,297	95,011	22,588
OBM business	41,748	12,569	106,068	29,111	147,029	40,741	69,628	16,714
Total	**242,212**	**65,986**	**301,113**	**75,058**	**355,675**	**87,038**	**164,639**	**39,302**

The Remaining Group had four reportable segments, namely (i) wigs, (ii) clothing and others (including cosplay costumes, sexy lingerie and others), (iii) fabric care, personal hygiene and home care products, and (iv) leasing of factory premises (self-owned or held under leasehold interest). A summary of the revenues and profit or loss of each reportable segment of the Remaining Group for FY2021, FY2022, FY2023 and 6M2024 is as follows:

	FY2021		FY2022		FY2023		6M2024	
	Revenue	Profit/ (loss)	Revenue	Profit/ (loss)	Revenue	Profit/ (loss)	Revenue	Profit/ (loss)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Wigs	39,263	(2,470)	33,205	3,826	42,096	1,795	10,195	(4,793)
Clothing and others	202,949	18,917	249,353	34,583	229,555	33,127	137,994	20,315
Fabric care, personal hygiene and home care products	–	–	18,555	861	84,024	8,992	16,450	(5,411)
Leasing of factory premises	–	4,824	–	(905)	–	(2,148)	–	(164)
Total	**242,212**	**21,271**	**301,113**	**38,365**	**355,675**	**41,766**	**164,639**	**9,947**

CMS business and OBM business

FY2021

During FY2021, revenue derived mainly from the CMS business of the Remaining Group, representing approximately 82.8% (2020: 65.6%) of the total revenue. Revenue derived from the CMS business increased from approximately RMB167.4 million in 2020 to approximately RMB200.5 million in 2021, representing an increase of approximately 19.7%. The revenue derived from the OBM business of the Remaining Group decreased from approximately RMB87.8 million in 2020 to approximately RMB41.8 million in 2021, representing a decrease of approximately 52.5%.

During FY2021, the Remaining Group faced one of the worst export trade environments as a result of the continued outbreak of the COVID-19 in our major markets, including the U.S., the UK and the Australia. The COVID-19 pandemic continued to cause widespread destruction to global economics. Nearly all countries in the world had to impose various social distancing measures, which include locking down cities, ports and even the countries. These measures led to very poor consumer sentiment and have significantly affected sales performance of the CMS and OBM business. To overcome these challenges, the Remaining Group had broadened our customer base by expanding our business in the PRC market, which contributed 12.5% of revenue for FY2021 (31 December 2020: 5.4%). After the recovery of the U.S. economy in the second half year of 2021, the performance of the U.S. market rebounded, and the U.S. continued to be our biggest market in 2021, contributing 67% of the revenue for the FY2021 (31 December 2020: 34.2%).

The Remaining Group had shifted part of its production line to non-surgical face mask production. Revenue of approximately RMB51.1 million was generated during FY2021 and recorded in cosplay costumes under the CMS business.

FY2022

During FY2022, our revenue derived mainly from the CMS business of the Remaining Group, representing approximately 64.8% (2021: 82.8%) of the total revenue. Revenue derived from the CMS business decreased from approximately RMB200.5 million in 2021 to approximately RMB195.0 million in 2022, representing a decrease of approximately 2.7%. The revenue derived from the OBM business of the Remaining Group increased from approximately RMB41.8 million in 2021 to approximately RMB106.1 million in 2022, representing an increase of approximately 154.1%.

In 2022, the ongoing COVID-19 pandemic wreaked havoc on Greater China's economy. Restrictive movement control measures in the Mainland China substantially affected the economic activities which include our production and logistic in Yiwu City, the PRC. During FY2022, the sales to our major market, the U.S., showed an upsurge of approximately 42.4%, which was driven by domestic consumption and the recovery of tourism in the year. The U.S. market continued to be our biggest market in 2022, contributing approximately of 76.8% of the revenue for the year (2021: approximately of 67.0%).

The acquisition of High Kelee Investment Holdings Limited ("**High Kelee**"), a company established in the British Virgin Islands with limited liability, was completed on 15 July 2022, and the Remaining Group had then diversified its business to the research and development, manufacturing and sale of fabric care, personal hygiene and home care products. High Kelee had contributed approximately RMB18.6 million of revenue to the Remaining Group since acquisition and the average gross profit margin was around approximately 27.0%.

FY2023

During FY2023, our revenue derived mainly from the CMS business of the Remaining Group, representing approximately 58.7% (2022: 64.8%) of the total revenue. Revenue derived from the CMS business increased from approximately RMB195.0 million in 2022 to approximately RMB208.6 million in 2023, representing an increase of approximately 7.0%. The revenue derived from the OBM business of the Remaining Group increased from approximately RMB106.1 million in 2022 to approximately RMB147.0 million in 2023, representing an increase of approximately 38.6% which was mainly contributed from the sale of fabric care, personal hygiene and home care products.

6M2024

During 6M2024, 57.7% (2023: 62.5%) of our total revenue was mainly derived from the CMS business of the Remaining Group. The revenue derived from the CMS business decreased from approximately RMB119.4 million to approximately RMB95.0 million, representing a decrease of approximately 20.4%. The revenue derived from the OBM business of the Remaining Group decreased from approximately RMB71.8 million to approximately RMB69.6 million, representing a decrease of approximately 3.0%.

In the first half of 2024, the textile and garment industries in China demonstrated resilience in overcoming challenges posed by the adverse impact of global foreign exchange market fluctuations, increasing trade barriers and international shipping disruptions, sale from our major products which include wigs, and clothing and others from the CMS business decreased by approximately RMB25.3 million or 21.4%. Conversely, the Remaining Group's sales of wigs, and clothing and others from the OBM business increased by approximately RMB4.5 million or 8.8% due to our own brand's competitive price, brand recognition and product quality. The sales from fabric care, personal hygiene and home care products from both the CMS and the OBM business decreased by approximately RMB5.8 million or 26.0%, such decrease was mainly due to underperformance on the domestic e-commerce platforms during the first half of the year.

Leasing business

The Remaining Group sub-leased part of the Yiwu Production Plant and Yichun Production Plant to other local enterprises with the view to better utilise the assets of the Remaining Group.

Gross income from leasing of such premises (including the rental income from leasing of plant and machineries) of approximately RMB4,932,000, RMB4,475,000, RMB5,952,000 and RMB3,045,000 were recognised by the Remaining Group during FY2021, FY2022, FY2023 and 6M2024, respectively.

Liquidity, financial resources and capital structure

As at 31 December 2021, the total amount of bank balances and cash of the Remaining Group was approximately RMB99.7 million, an increase of approximately RMB50.8 million when compared with that as at 31 December 2020. The increase arose mainly from the increase in borrowings of approximately RMB7.9 million, proceed from placing of new shares of approximately HK$31.0 million (approximately RMB26.2 million) and proceed from disposal of financial assets at FVTPL of approximately RMB8.3 million during FY2021.

As at 31 December 2022, the total amount of bank balances and cash of the Remaining Group was approximately RMB47.6 million, a decrease of approximately RMB52.1 million when compared with that as at 31 December 2021. The decrease arose mainly from the net repayment of borrowings of approximately RMB22.3 million and capital expenditure of approximately RMB40 million.

As at 31 December 2023, the total amount of bank balances and cash of the Remaining Group was approximately RMB49.5 million, an increase of approximately RMB1.9 million when compared with that as at 31 December 2022. The slightly increase in bank balances and cash arose mainly from the net proceed of a share placing of approximately HK$32.8 million (equivalent to approximately RMB28.8 million) and the net repayment of bank borrowing of approximately of approximately RMB63.8 million and the capital expenditure of approximately RMB19.1 million.

As at 30 June 2024, the total amount of cash and cash equivalent of the Remaining Group was approximately RMB36.2 million, a decrease of approximately RMB13.3 million when compared with that as at 31 December 2023.

The borrowings of the Remaining Group represented bank and other short-term borrowings of approximately RMB89.3 million, RMB71.9 million, RMB8.2 million and RMB18.0 million as at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, respectively.

As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, the current ratio and the gearing ratio were 146.1% and 27.8%, 164.6% and 19.6%, 326.4% and 2.0%, and 262.4% and 4.2%, respectively. Current ratio is calculated based on total current assets divided by total current liabilities at the end of the financial year/period and gearing ratio is calculated based on total borrowings divided by total equity at the end of the financial year/period.

The Remaining Group's operations have been 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 Remaining Group is well positioned to achieve its business objectives and strategies.

The share capital of the Company only comprises of ordinary shares. As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, the Company's number of issued ordinary shares was 1,077,267,600, 1,262,267,600, 1,477,721,120 and 1,773,263,120, respectively.

Foreign exchange exposure

Our exposures to currency risk arose from sales to overseas markets, which are primarily denominated in USD and JPY. These are not our functional currencies to which these sales transactions relate. During FY2021 and FY2022, the Remaining Group did not have a group foreign currency hedging policy. During FY2023 and 6M2024, in order to minimise risk, the Remaining Group continued to adopt a prudent approach regarding foreign exchange exposure. Forward foreign exchange contracts were utilised when considered appropriate and when attractive pricing opportunities arose to mitigate foreign exchange exposures. Fair value loss on forward foreign exchange contracts of approximately RMB404,000 was recognised during

FY2023. Fair value gain on forward foreign exchange contracts of approximately RMB0.3 million was recognised during 6M2024.

Employees and remuneration policies

As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, we had approximately 566, 567, 671 and 1,155 employees, respectively. Total staff costs for FY2021, FY2022, FY2023 and 6M2024 amounted to approximately RMB70.5 million, RMB77.5 million, RMB85.5 million and RMB33.5 million, respectively.

The remuneration policy for the employees (including key management) of the Remaining Group was laid down by the management of the Remaining Group on the basis of their merit, qualifications and competence. The remuneration committee will review and recommend to the Board for approval the remuneration policy periodically.

The remuneration of the Directors is reviewed and recommended by the remuneration committee to the Board for approval, having regard to the Company's operating results, individual performance and comparable market statistics. No Director, or any of his associates and executives, will be involved in deciding his own remuneration.

We have adopted a share option scheme to recognise and reward the contribution of our employees, provide incentives to retain them to support our continued growth and to attract suitable personnel for further development. We regularly review the remuneration and benefits of our employees according to the relevant market practice, employee performance and the financial performance of the Company.

Pledged Assets

As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, our bank loans were secured by the Remaining Group's right-of-use assets, buildings and investment properties with carrying value of approximately (i) RMB5.6 million, RMB76.9 million and RMB31.2 million, (ii) RMB4.7 million, RMB72.2 million and RMB36.2 million, (iii) RMB4.7 million, RMB65.8 million and RMB32.5 million, and (iv) RMB4.5 million, RMB59.8 million and RMB34.4 million, respectively.

Contingent liabilities

The Remaining Group did not have any significant contingent liabilities as at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024.

Material acquisitions and disposals and significant investment held

During FY2021, the Remaining Group acquired 75% equity interests in Hmda Culture International Co., Limited and its subsidiary (the "**Hmda Group**"), from an independent third party at a cash consideration of HK$11.0 million. Hmda Group held a trademark license which the Remaining Group considered the acquisition can broaden its assets and earning base. This transaction was accounted for as acquisition of assets rather than as business combinations because Hmda Group did not carry out any significant business transactions prior to the date of acquisition.

On 20 June 2022, the Company, as the purchaser, entered into a sale and purchase agreement (further amended by a supplemental agreement dated 29 June 2022) with Ms. Feng Xianhua (馮鮮花), as the vendor, in respect of the acquisition and selling of the 100% issued share capital of High Kelee, 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 acquisition was completed on 15 July 2022.

Save as disclosed above, during FY2021, FY2022, FY2023 and 6M2024, the Remaining Group had not carried out any material acquisition or disposal of subsidiary or associate company or make any significant investments not in the ordinary and usual course of business of the Remaining Group.

Future plans for material investments or capital assets

The Remaining Group did not have other specific plan for material investments or capital assets as at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024.

The following is the text of letter and valuation report, prepared for the purpose of incorporation in this circular, received from Graval Consulting Limited, an independent property valuer, in connection with their valuation as at 31 December 2024 of the property interests held by the Group in the PRC.

Graval Consulting Limited
Suites 2401–02, 24/F,
Shui On Centre, 6–8 Harbour Road,
Wanchai, Hong Kong

13 February 2025

The Board of Directors
China Partytime Culture Holdings Limited
Room 225–27, 2/F
Mega Cube
8 Wang Kwong Road, Kowloon Bay
Kowloon, Hong Kong

Dear Sirs and Madams,

Re: Valuation of an industrial complex located in the People's Republic of China

INSTRUCTIONS

We refer to the instruction of China Partytime Culture Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") for us to value the property interest (the "**Property**") held by Zhejiang Zhongpai Enterprise Management Co., Ltd located in the People's Republic of China (the "**PRC**"). We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property in existing state as at 31 December 2024 (the "**Valuation Date**") for the purpose of incorporation into the circular issued by the Company on the date hereof.

This letter which forms part of our valuation report explains the basis and methodology of valuation, clarifying assumptions, valuation considerations, title investigations and limiting conditions of this valuation.

BASIS OF VALUATION

The valuation is our opinion of the market value ("**Market Value**") which is defined by the Hong Kong Institute of Surveyors as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion".

VALUATION METHODOLOGY(IES)

In valuing the Property, we have adopted the Income Approach. Income Approach is an approach that provides an indication of value by converting future cash flows to a single current capital value.

VALUATION STANDARDS

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2020 Edition published by the Hong Kong Institute of Surveyors ("**HKIS**"), the RICS Valuation – Global Standards (Effective on 31 January 2022) published by the Royal Institution of Chartered Surveyors ("**RICS**") and the International Valuation Standards ("**IVS**") published by International Valuation Standards Council (IVSC) (Effective on 31 January 2022).

TITLE INVESTIGATION

We have been shown copies of various documents relating to the property interest. However, we have not examined the original documents to verify the existing title to the property interest or any amendment which does not appear on the copies handed to us. We have relied considerably on the information given by the Group's PRC legal advisers, 江西甘雨律師事務所 (Jiangxi Ganyu Law Firm*), concerning the validity of the title to the property interest located in the PRC.

AREA MEASUREMENT AND INSPECTION

Our Mr Lawrence Chan Ka Wah (MRICS MHKIS RPS(GP) MCIREA MHIREA MHKIM RICS Registered Valuer) has inspected the Property in October 2024. In the course of our inspections, we did not note any serious structural defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot infestation or any other defects. No tests were carried out on any of the services. Moreover, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc., for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate.

We have not carried out investigation to determine the suitability of the ground conditions or the services for any property developments to be erected thereon. Our valuation is on the basis that these aspects are satisfactory and that no extraordinary expense or delay will be incurred during the construction period. Moreover, it is assumed that the utilization of the land and improvements will be within the boundaries of the sites held by the owner or permitted to be occupied by the owner. In addition, we assumed that no encroachment or trespass exits, unless noted in the valuation report.

VALUATION ASSUMPTION

Our valuations have been made on the assumption that the owner sells the Property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of the Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

All consents, approvals and license from relevant government authorities for the property interest have been granted without any onerous conditions or undue time delay which might affect their values. All the required licenses, consents, or other legislative or administrative authority from any local, provincial, or national government, private entity or organization either have been or can be obtained or renewed for any use which the valuation report covers.

All applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in the valuation report. However, we have assumed that the utilization of the property interest and improvements are within the boundaries of the property interest described and that no encroachment or trespass exists, unless noted in the valuation report.

LIMITING CONDITIONS

We have relied to a considerable extent on information provided by the Group and accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, size and floor areas and all other relevant matters in the identification of the Property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assured unless otherwise stated, defined and considered in the valuation report.

REMARKS

Unless otherwise stated, all money amounts stated are in Renminbi (RMB).

The English transliteration of the Chinese name(s) in this valuation report, where indicated by an asterisk (*), is included for information purposes only, and should not be regarded as the official English name(s) of such Chinese name(s).

We enclose herewith our summary of valuation together with the valuation report.

Yours faithfully,
For and on behalf of
Graval Consulting Limited
Lawrence Chan Ka Wah
MRICS MHKIS RPS(GP) MCIREA MHIREA MHKIM
RICS Registered Valuer
Partner

Analysed and reported by: **Ivan K.H. Mak,** *CFA*
Assistant Manager

Mr. Lawrence Chan Ka Wah is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, Registered Professional Surveyors in the General Practice Section, a RICS Registered Valuer and a member of the China Institute of Real Estate Appraisers and Agents, who has over 20 years' experience in the valuation of properties in Hong Kong, Macau, the PRC and the Asia-Pacific Region. Lawrence joined Graval Consulting Limited in 2020.

Mr. Ivan Mak was graduated from The Hong Kong Polytechnic University who has over 10 years' experience in the valuation of properties in Hong Kong, Macau, the PRC and the Asian Rim. Ivan joined Graval Consulting Limited in 2020.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2024 *RMB*
An industrial complex located at Nos. 251 and 253 Huachuan North Road, Yiwu City, Zhejiang Province, the PRC	The Property comprises five blocks of 6 to 13-storey industrial building completed in about 2015 and 2017. The Property has a site area and total gross floor area of approximately 19,404 sq.m and 62,298 sq.m. respectively. The land use rights of the Property were granted for a term of 50 years expiring on 11 December 2063 for industrial use.	Portion of the Property with a gross floor area of approximately 15,107 sq.m. is subject to various tenancies at a total monthly rent of approximately RMB203,000 exclusive of other operating outgoings with the latest expiry date on 30 September 2027, this portion of the Property was occupied by the tenants for industrial and ancillary office use. As confirmed by the Company, all the tenants are independent third parties. The remaining portion is owner-occupied as at the Valuation Date.	123,400,000

Notes:

1. Pursuant to a Real Estate Ownership Certificate (Document No.: Zhe (2014) Yi Wu Shi Bu Dong Chan Quan No. 0025185), the land use rights of the Property with a site area of approximately 19,403.97 sq.m. were granted to 浙江中派企業管理有限公司 (Zhejiang Zhongpai Enterprise Management Co., Ltd*) for a term expiring on 11 December 2063 for industrial use.

   As stated in the aforesaid Real Estate Ownership Certificate, the ownership of the Property with a total gross floor area of approximately 62,297.61 sq.m. is vested in Zhejiang Zhongpai Enterprise Management Co., Ltd.

2. The Property is situated at the No. 251 and 253 Huachuan North Road, buildings in the locality are industrial complex. Yiwu Railway Station is about 1 hour driving distance from the Property. Taxis and buses are accessible to the Property.

3. The unit rent of the Property of similar usage in the locality as at the Valuation Date is in the range of RMB12 per sq.m. to RMB13.6 per sq.m. and the prevailing market yield of similar type of Property in the locality as at the Valuation Date is approximately 7.5%.

4. We have been provided with a legal opinion on the Property prepared by the Company's PRC legal adviser, 江西甘雨律師事務所 (Jiangxi Ganyu Law Firm*), which contains, *inter alia*, the following information:

   (a) Zhejiang Zhongpai Enterprise Management Co., Ltd is the current registered owner of the Property and is entitled to occupy, transfer, lease and mortgage the Property;

   (b) the Property is free from any mortgages, charges and legal encumbrances which may cause adverse effects on the ownership of the Property; and

   (c) the following legal document was obtained:

i.	Real Estate Ownership Certificate	Yes

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Director's and chief executive's interests in the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company and their associates in the shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or chief executive of the Company were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules ("**Model Code**") were as follows:

Name of Director/ chief executive of the Company	Nature of interest	Number of Shares interested	Approximate percentage of issued share capital of the Company *(Note 1)*
Mr. Teng Hao	Beneficial owner	14,000,000 (L)	0.79%
Mr. Xu Chengwu	Beneficial owner	12,000,000 (L)	0.68%

Notes:

1. The shareholding percentage in the Company is calculated on the basis of 1,773,263,120 Shares in issue as at the Latest Practicable Date.

2. The letter "L" denotes a long position in the Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who was directly or indirectly interested in 10% or more of the issued voting shares of the issued voting shares of any other member of the Group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such securities:

Interests in Shares

Name of Shareholder	Nature of interest	Number of Shares interested	Approximate percentage of issued share capital of the Company *(Note 1)*
Master Professional Holdings Limited *(Note 3)*	Beneficial owner	421,859,000 (L)	23.79%
Mr. Chen Shucai *(Note 3)*	Interest of controlled corporation	421,859,000 (L)	23.79%

Notes:

1. The shareholding percentage in the Company is calculated on the basis of 1,773,263,120 Shares in issue as at the Latest Practicable Date.

2. The letter "L" denotes a long position in the Shares.

3. Master Professional Holdings Limited is 100% beneficially owned by Mr. Chen Shucai. Accordingly, Mr. Chen Shucai is deemed to be interested in the Shares held by Master Professional Holdings Limited.

Save as disclosed above and so far as is known to the Directors or chief executive of the Company, there is no person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group, including options in respect of such securities.

3. COMPETING INTERESTS

As at the Latest Practicable Date, as far as the Directors are aware, none of the Directors or their respective close associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with the any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

6. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which, since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up), had been or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was involved in any litigation or claim of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

8. EXPERTS AND CONSENTS

The following sets out the qualification of the experts who have given opinion, letter or advice included in this circular:

Name	Qualification
Grant Thornton Hong Kong Limited	Certified public accountants
Graval Consulting Limited	Independent professional property valuer

As at the Latest Practicable Date, the experts above have given and have not withdrawn their written consents to the issue of this circular with the inclusion herein of their respective letters, reports, advice, opinions or names in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the experts above had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the experts above had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited accounts of the Company were made up.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) had been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

(i) a placing agreement dated 17 March 2023 and entered into between the Company and First Capital Securities Limited (as placing agent) in relation to the placing of up to 215,453,520 placing shares to not less than six placees at the placing price of HK$0.155 per placing share;

(ii) a placing agreement dated 17 April 2024 and entered into between the Company and First Securities (HK) Limited (as placing agent) in relation to the placing of up to 295,544,224 placing shares to not less than six placees at the placing price of HK$0.08 per placing share; and

(iii) the Equity Transfer Agreement.

10. GENERAL

(i) The secretary of the Company is Mr. Chong Man Hung Jeffrey, who is a member of the Hong Kong Institute of Certified Public Accountants.

(ii) The registered office of the Company is situated at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

(iii) The headquarters and principal place of business of the Company in the PRC is No. 3 Chunchao Road, Yichun Economic & Technological Development Zone, Jiangxi Province, PRC.

(iv) The principal place of business of the Company in Hong Kong is situated at Room 225–27, 2/F., Mega Cube, 8 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.

(v) The Company's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(vi) In the event of any inconsistency, the English texts of the circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

11. DOCUMENTS ON DISPLAY

Copies of the following documents are published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.partytime.com.cn) for a period of 14 days from the date of this circular:

(i) the Equity Transfer Agreement;

(ii) the report from Grant Thornton Hong Kong Limited on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;

(iii) the valuation report prepared by Graval Consulting Limited in relation to the land and properties held by the Target Company, the text of which is set out in Appendix V to this circular;

(iv) the consent letters as referred to in the section headed "8. Experts and consents" above in this appendix; and

(v) the material contracts referred to under the section headed "9. Material contracts" above in this appendix.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of China Partytime Culture Holdings Limited (the "**Company**") will be held at No. 251 Huachuan North Road, Chian Town, Yiwu City, Zhejiang Province, the PRC on Wednesday, 5 March 2025 at 10:00 a.m., to consider and, if thought fit, pass with or without modification(s) the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

"**THAT**:

(a) the conditional equity transfer agreement dated 19 November 2024 (as amended and supplemented by a supplemental agreement dated 15 January 2025) (the "**Equity Transfer Agreement**", details of which are disclosed in the circular of the Company dated 13 February 2025 (the "**Circular**")) entered into amongst 派對文化集團有限公司 (for identification purpose only, Partytime Group Co., Ltd) (the "**Vendor**"), an indirect wholly-owned subsidiary of the Company, as vendor, 浙江百慧服飾有限公司 (for identification propose only, Zhejiang Bestway Costume & Accessory Co., Ltd) (the "**Purchaser**"), as purchaser, and 浙江中派企業管理有限公司 (for identification purpose only, Zhejiang Zhongpai Enterprise Management Co., Ltd) (the "**Target Company**"), pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire equity interests in the Target Company for a consideration of RMB80,000,000 (a copy of the Equity Transfer Agreement is marked "A" and produced to the EGM and signed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved;

(b) any one or more director(s) of the Company be and is/are hereby authorised to do all such acts and things, to sign and execute all such documents (and to affix the common seal of the Company thereon, if necessary) as he/she/they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Equity Transfer Agreement and the transactions contemplated thereunder, and to make and agree to make such variations of the terms of the Equity Transfer Agreement as he/she/they may in his/her/their discretion consider to be appropriate, necessary or desirable and in the interests of the Company and its shareholders as a whole."

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

Hong Kong, 13 February 2025

Registered office
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Headquarters and principal place of business in the PRC
No. 3 Chunchao Road
Yichun Economic &
Technological Development Zone
Jiangxi Province, PRC

Principal place of business in Hong Kong
Room 225–27, 2/F., Mega Cube
8 Wang Kwong Road, Kowloon Bay
Kowloon
Hong Kong

Notes:

1. For the purpose of determining the identity of the shareholders entitled to attend and vote at the meeting, the register of members of the Company will be closed from Friday, 28 February 2025 to Wednesday, 5 March 2025, both dates inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant certificates must be lodged with Tricor Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 27 February 2025.

2. Any member of the Company entitled to attend and vote at the meeting convened by this notice shall be entitled to appoint proxy to attend and vote in his/her stead in accordance with the articles of association of the Company. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the meeting. A proxy need not be a member of the Company but must be present in person to represent the member.

3. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited not less than 48 hours (i.e. Monday, 3 March 2025 at 10:00 a.m.) before the time appointed for holding the meeting. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or any adjournment thereof should they so wish and in such event, the form of proxy shall be deemed to be revoked.

4. If tropical cyclone warning signal no. 8 or above, "extreme conditions" caused by super typhoons or a black rainstorm warning is in effect at any time after 7:00 a.m. on Wednesday, 5 March 2025, the meeting will be postponed and further announcement for details of alternative meeting arrangements will be made. The meeting will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. You should make your own decision as to whether you would attend the meeting under bad weather conditions and if you should choose to do so, you are advised to exercise care and caution.

As at the date of this notice, 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.