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## **Feiyang International Holdings Group Limited**

**飛揚國際控股(集團)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1901)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO FORMATION OF JOINT VENTURE**

The Board is pleased to announce that on 18 June 2020, Ningbo Feiyang Lianchuang (an indirect wholly-owned subsidiary of the Company) and the JV Partners entered into the Investment Cooperation Agreement and set up the JV Company, which is owned as to 19% by Ningbo Feiyang Lianchuang and 81% by the JV Partners. The JV Company is not a subsidiary of the Company and the financial statements of the JV Company will not be consolidated into the financial statements of the Group.

As the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the capital commitment of the Group pursuant to the Investment Cooperation Agreement are more than 5% but all applicable percentage ratios are less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **INTRODUCTION**

On 18 June 2020, Ningbo Feiyang Lianchuang (an indirect wholly-owned subsidiary of the Company) and the JV Partners entered into the Investment Cooperation Agreement and set up the JV Company.

The principal terms of the Investment Cooperation Agreement and details of the JV Company are as follows:

### **THE INVESTMENT COOPERATION AGREEMENT**

Date: 18 June 2020

Parties: (1) Ningbo Feiyang Lianchuang;  
(2) Ningbo Zhongcheng; and  
(3) Ningbo Tiantuo.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the JV Partners and their respective ultimate beneficial owner(s) are Independent Third Parties.

### **Business**

The JV Company shall be principally engaged in the management and development of tourist attractions in the PRC.

### **Capital Contribution**

The registered capital of the JV Company is RMB300 million. Ningbo Zhongcheng, Ningbo Tiantuo and Ningbo Feiyang Lianchuang agreed to make capital contributions to the JV Company in the amount of RMB147 million, RMB96 million and RMB57 million, respectively, representing 49%, 32% and 19% of the registered capital of the JV Company, respectively. The Parties shall make their respective contribution to the JV Company in cash before 17 June 2040. The amount of capital contribution was determined after arm's length negotiations among the Parties and having taken into account the expected capital requirements of the JV Company.

The capital contribution of RMB57 million to be made by Ningbo Feiyang Lianchuang will be financed by the internal resources of the Group.

The JV Company is not a subsidiary of the Company and its financial statements will not be consolidated into the financial statements of the Group.

### **Management and operation**

The board of the JV Company consists of three directors and one supervisor, who are appointed by the Parties. One of the directors of the JV Company is Mr. Li Da, an executive Director, and the other directors and supervisor of the JV Company are Independent Third Parties appointed by the Parties.

In a shareholders' meeting of the JV Company, shareholders' resolutions shall be passed by a majority vote, save and except for: (i) resolutions regarding the increase or decrease of registered capital, spin-off, merger, dissolution, change of corporate form and amendments of the articles of association of the JV Company, which shall be passed by the shareholders representing more than two-third of the total voting rights; and (ii) resolutions regarding the provision of guarantee by the JV Company to its shareholders or beneficial owners, which shall be passed by a majority vote (excluding the voting rights of the interested shareholder).

## **Distribution of dividends**

The JV Company may distribute no more than two rounds of dividends annually if it generates profit. In the event that the Parties decide to distribute dividends, the JV Company shall distribute in proportion to the respective percentage of registered capital of the Parties in the JV Company.

## **Restriction on transfers**

The Parties are free to transfer their equity interest in the JV Company among themselves. In the event that any of the Parties wishes to transfer all or part of its equity interest in the JV Company to any third party, it shall first offer to the other Parties under the same terms as that offered to the third party purchaser and the other Parties shall have pre-emptive rights over the equity interest to be transferred.

## **INFORMATION OF THE JV PARTNERS**

### **Ningbo Zhongcheng**

Ningbo Zhongcheng is a limited liability company established in the PRC on 21 November 2014 and is principally engaged in the provision of property and car park management services in the PRC.

### **Ningbo Tiantuo**

Ningbo Tiantuo is a limited liability company established in the PRC on 8 November 2013 and is principally engaged in the trading of wood and steel in the PRC.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Group is principally engaged in (i) the design, development and sales of package tours which consist of traditional package tours and tailor-made tours; (ii) the sales of free independent traveller products which mainly include provision of air tickets and/or hotel accommodation; and (iii) the provision of ancillary travel-related products and services. Ningbo Feiyang Lianchuang is a limited liability company established in the PRC on 7 January 2020 and is principally engaged in investment holding.

The Company has been looking for suitable investment or business opportunities to diversify the business of the Group with an objective to broaden its income sources and eventually to maximise the return to the Shareholders. As set out in the annual report of the Company for the year ended 31 December 2019, the outbreak of the novel coronavirus (“**COVID-19**”) has brought negative impact to the tourism industry of the PRC, and the operation and financial performance of the Group in 2020 has been affected inevitably. The Board believes that due to the travel restrictions imposed as a result of the COVID-19, there will be an increasing demand for local tourist attractions and considers that the JV Company can leverage on the experience of the Group and the JV Partners to cater for the demand for the management and development of tourist attractions in the PRC. Moreover, the Board is of the view that the establishment of the JV Company will provide more business opportunities to the Group by enhancing its sales network and customer base in the PRC. In light of the reasons as set out above, the Directors (including all the independent non-executive

Directors) are of the view that the terms of the Investment Cooperation Agreement and the formation of the JV Company are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors had any material interest in the transactions nor was any of them required to abstain from voting on the resolutions which have been passed by the Board approving the entering into of the Investment Cooperation Agreement and the formation of the JV Company.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the capital commitment of the Group pursuant to the Investment Cooperation Agreement are more than 5% but all applicable percentage ratios are less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Board”	the board of Directors;
“Company”	Feiyang International Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability on 18 October 2018, the shares of which are listed on Main Board of the Stock Exchange (Stock Code: 01901);
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Independent Third Party(ies)”	party(ies) who is/are independent from the Company and its connected person (as defined in the Listing Rules);
“Investment Cooperation Agreement”	the investment cooperation agreement dated 18 June 2020 entered into by the Parties in relation to the formation of the JV Company;
“JV Company”	Ningbo Yinjiang Feiyang Cultural Tourism Development Co., Ltd.* (寧波鄞江飛揚文旅開發有限公司), a limited liability company established in the PRC on 18 June 2020, which is owned as to 49%, 32% and 19% by Ningbo Zhongcheng, Ningbo Tiantuo and Ningbo Feiyang Lianchuang, respectively;
“JV Partners”	the two shareholders of the JV Company (other than Ningbo Feiyang Lianchuang), namely Ningbo Zhongcheng and Ningbo Tiantuo;

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Ningbo Feiyang Lianchuang”	Ningbo Feiyang Lianchuang Cultural Tourism Development Co., Ltd.* (寧波飛揚聯創文旅發展有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company;
“Ningbo Tiantuo”	Ningbo Tiantuo Material Co., Ltd.* (寧波天拓物資有限公司), a limited liability company established under the laws of the PRC, which is ultimately owned as to 90% and 10% by Feng Jie (馮杰) and Song Zhengbo (宋征波), respectively, who are Independent Third Parties;
“Ningbo Zhongcheng”	Ningbo Zhongcheng Business Management Co., Ltd.* (寧波中程商業管理有限公司), a limited liability company established under the laws of the PRC, which is ultimately owned as to 80% and 20% by Zhu Guangyuan (朱光遠) and Wang Yuyuan (王瑜圓), respectively, who are Independent Third Parties;
“Parties”	Ningbo Feiyang Lianchuang and the JV Partners;
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

By Order of the Board  
**Feiyang International Holdings Group Limited**  
**He Binfeng**  
*Chairman, Executive Director and Chief Executive Officer*

Ningbo, the PRC, 18 June 2020

*\* For identification purpose only and should not be regarded as the official English translation of the Chinese names. In the event of any inconsistency, the Chinese name prevails.*

*As at the date of this announcement, the Board comprises Mr. He Binfeng, Mr. Zhang Qinghai, Mr. Huang Yu, Mr. Wu Bin, Mr. Li Da and Mr. Chen Xiaodong as executive Directors; and Mr. Li Huamin, Mr. Yi Ling and Ms. Li Chengai as independent non-executive Directors.*