

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 22 March 2021 (after trading hours), Ninglv Feiyang (an indirect non-wholly owned subsidiary of the Company) and Ningbo New Century Tourism entered into the Cooperation Agreement, pursuant to which the Parties have agreed to set up the JV Company, which will be owned as to 70% by Ninglv Feiyang and 30% by the Ningbo New Century Tourism. The JV Company will be a subsidiary of the Company and the financial statements of the JV Company will 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 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 22 March 2021 (after trading hours), Ninglv Feiyang (an indirect non-wholly owned subsidiary of the Company) and the Ningbo New Century Tourism entered into the Cooperation Agreement, pursuant to which the Parties have agreed to set up the JV Company.

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

### **The Cooperation Agreement**

Date: 22 March 2021

Parties: (1) Ninglv Feiyang; and  
(2) Ningbo New Century Tourism.

Ningbo New Century Tourism is indirectly wholly-owned by Beilun Asset Management Centre, which is a department under the People's Government of Beilun District of Ningbo. As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Ningbo New Century Tourism and its ultimate beneficial owner(s) are Independent Third Parties.

### **Business**

The JV Company will be principally engaged in the development and operation of cultural tourism projects located in Beilun District, Ningbo, Zhejiang Province, the PRC. It is expected that the JV Company will invest in the full operation and re-development of Jiufeng Mountain Scenic Area\* (九峰山景区) (National 4A Tourist Attractions) located in Ningbo, Zhejiang Province, the PRC (the "**Project**").

### **Capital Contribution**

The initial registered capital of the JV Company will be RMB10 million. Ninglv Feiyang and Ningbo New Century Tourism will make a capital contribution to the JV Company in the amount of RMB7 million and RMB3 million, respectively, representing 70% and 30% of the registered capital of the JV Company, respectively. The Parties will make their respective contribution to the JV Company in cash and set up the JV Company within 10 days after the date of the Cooperation Agreement.

Depending on the market demand, the Parties will make a further capital contribution to the JV Company in the amount of not more than RMB100 million in total (the "**Further Capital Contribution**") for the development of Project as and when appropriate. The Further Capital Contribution will be borne by the Parties in proportion to their respective equity interests in the JV Company. Therefore, Ninglv Feiyang and Ningbo New Century Tourism will make further capital contribution to the JV Company in the amount of not more than RMB70 million and RMB30 million, respectively. The total capital contribution to be made to the JV Company, taking into account of the Further Capital Contribution, will be not more than RMB110 million in total.

The maximum capital contribution of not more than RMB77 million to be made by Ninglv Feiyang was determined after arm's length negotiations among the Parties having taken into account the expected capital requirements of the JV Company and will be funded by the internal resources and/or external financing of the Group.

The JV Company will be a subsidiary of the Company and its financial statements will be consolidated into the financial statements of the Group.

## **INFORMATION OF NINGBO NEW CENTURY TOURISM**

Ningbo New Century Tourism is a limited liability company established in the PRC on 8 September 2000 and is principally engaged in the development, management and operation of tourist attractions in the PRC. Ningbo New Century Tourism is wholly-owned by Ningbo Beilun District Modern Service Industry Development Co., Ltd.\* (寧波市北侖區現代服務業發展有限公司), which is in turn wholly-owned by Beilun Asset Management Centre. Beilun Asset Management Centre, being the ultimate beneficial owner of Ningbo New Century Tourism, is a department under the People's Government of Beilun District of Ningbo, which is responsible for the management of state-owned assets within Beilun District.

## **INFORMATION OF THE GROUP AND NINGLV FEIYANG**

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.

Ninglv Feiyang is a limited liability company established in the PRC on 9 March 2020 and is principally engaged in development, management and operation of tourist attractions. Ninglv Feiyang is owned (i) as to 51% by Ningbo Feiyang Lianchuang Cultural Tourism Development Co., Ltd.\* (寧波飛揚聯創文旅發展有限公司), which is a wholly-owned subsidiary of the Company, and (ii) as to 29% by Ningbo Tourism Co., Ltd.\* (寧波旅游股份有限公司) and as to 20% by Ningbo Xianglv Investment Development Co., Ltd.\* (寧波鄉旅投資開發有限公司), which are Independent Third Parties and ultimately owned by the State-owned Assets Supervision and Administration Commission of Ningbo Municipal Government\* (寧波市人民政府國有資產監督管理委員會).

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

As set out in the Company's annual report 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. As disclosed in the Company's announcement dated 18 June 2020 and the interim report for the six months ended 30 June 2020, the Company has been looking for suitable investment or business opportunities to diversity the business of the Group with an objective to broaden its income sources and eventually to maximise the return to the Shareholders. The Board believes that due to the travel restrictions imposed as a result of the outbreak of 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 Ningbo New Century Tourism to cater for the demand for the management and development of local 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 set out above, the Directors (including all the independent non-executive Directors) are of the view

that terms of the 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 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 maximum capital commitment of the Group pursuant to the 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:

“Beilun Asset Management Centre”	Ningbo Beilun District State-owned Assets Management Centre* (寧波市北侖區國有資產管理中心), a department under the People’s Government of Beilun District of Ningbo;
“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);
“Cooperation Agreement”	the cooperation agreement dated 22 March 2021 entered into by the Parties in relation to the formation of the JV Company;
“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 persons (as defined in the Listing Rules);
“JV Company”	a joint venture company to be established pursuant to the Cooperation Agreement and to be owned as to 70% by Ninglv Feiyang and 30% by Ningbo New Century Tourism;

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Ningbo New Century Tourism”	Ningbo Economic and Technological Development Zone New Century Tourism Development Co., Ltd.* (寧波經濟技術開發區新世紀旅游發展有限公司), a limited liability company established under the laws of the PRC, which is ultimately wholly-owned by Beilun Asset Management Centre, which is an Independent Third Party;
“Ninglv Feiyang”	Zhejiang Ninglv Feiyang Cultural Tourism Development Co., Ltd.* (浙江寧旅飛揚文旅發展有限公司), a limited liability company established under the laws of the PRC and an indirectly non-wholly owned subsidiary of the Company;
“Parties”	Ninglv Feiyang and Ningbo New Century Tourism;
“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) of the Company;
“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, 22 March 2021

\* *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. Chen Xiaodong and Ms. Qiu Zheng as executive Directors; and Mr. Li Huamin, Mr. Yi Ling and Ms. Li Chengai as independent non-executive Directors.*