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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)

VOLUNTARY ANNOUNCEMENT ESTABLISHMENT OF A JOINT VENTURE FUND MANAGEMENT COMPANY

This announcement is made by Feiyang International Holdings Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to provide the shareholders of the Company (the “**Shareholders**”) and potential investors an update on the business development of the Group.

FORMATION OF THE JV COMPANY

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that, on 1 August 2023, the Company entered into a cooperation agreement (the “**Cooperation Agreement**”) with SHINTO Holdings, Inc. (“**SHINTO Holdings**”), pursuant to which the Company and SHINTO Holdings agreed to establish a joint venture fund management company in Hong Kong (the “**JV Company**”).

The registered capital of the JV Company is HK\$1,000,000, among which each of the Group and SHINTO Holdings shall contribute HK\$500,000, representing 50% each of the equity interests in the JV Company. The Group and SHINTO Holdings shall gradually complete the capital contribution to the JV Company. Pursuant to the Cooperation Agreement, the proposed name of the JV Company shall be Feiyang Traveler Innovation Fund Management Co., Ltd. (飛揚旅行家創新基金管理有限公司). The board of directors of the JV Company shall comprise three members appointed by the Group and two members appointed by SHINTO Holdings, with the representative appointed by the Group as the chairman of the board of directors. 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 on SHINTO Holdings

SHINTO Holdings is a joint stock company incorporated in Tokyo, Japan with limited liability and listed on the Tokyo Stock Exchange (stock code: 2776). Through its subsidiaries, it is principally engaged in the businesses of renewable resources, garment trading and real estate and hotel, etc.

To the best of the Company's knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, SHINTO Holdings and its controlling shareholders are third parties independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited).

SETTING UP AND MANAGEMENT OF THE FUND

Following the completion of the setting up of the JV Company, the Company will, in accordance with all the applicable laws and regulations, set up and manage a fund for investment in high-end hotel and high-quality homestay assets in Japan and other locations such as the People's Republic of China (the "PRC") and Southeast Asia (the "Fund"). It is expected that the Fund intends to operate in the form of limited partnership, with the JV Company as the general partner and other qualified institutions and individual investors as limited partners. The scale of the funds to be raised by the Fund is expected to be no more than HK\$1 billion. The actual set-up terms and contribution amounts of the Fund shall be subject to further negotiations. As at the date of this announcement, no binding agreement(s) regarding the establishment and the subscription of the Fund has been entered into yet. The JV Company will engage professional managers and team to manage and operate the Fund. The annual management fee charged by the JV Company shall be 2% of the actual contribution of all partners per annum.

REASONS FOR AND BENEFITS OF ENTERING INTO THE COOPERATION AGREEMENT

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, including but not limited to visa application processing, admission tickets to tourist attractions, conferencing services and arranging purchase of travel insurance for the customers. The Directors are of the view that the entering into of the Cooperation Agreement is in the interests of the Company and the Shareholders as a whole as the business contemplated under the Cooperation Agreement generates synergy with the existing tourism business of the Group, which is beneficial to the business growth of the Group, and is also expected to be favourable to the development of new businesses and promote the overall value of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Cooperation Agreement is below 5%, the entering into of the Cooperation Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules, and this announcement is made by the Company on a voluntary basis for the information of the Shareholders and potential investors of the Company.

As at the date of this announcement, the Group has not entered into any legally binding agreement in connection with the establishment of and the subscription for the Fund. As the establishment of and the subscription for the Fund is subject to further negotiation and the entering into of the formal binding agreement(s), Shareholders and investors of the Company are advised to exercise caution when dealing in the securities of the Company. The establishment of and the subscription for the Fund and the transactions contemplated thereunder, if materialised, may constitute a notifiable transaction on the part of the Company under Chapter 14 of the Listing Rules. The Company will comply with the Listing Rules upon the entering into of binding agreement(s) regarding the establishment of and the subscription for the Fund.

By order of the Board
Feiyang International Holdings Group Limited
He Binfeng
Chairman, chief executive officer and executive Director

Ningbo, the PRC, 1 August 2023

As at the date of this announcement, the Board comprises Mr. He Binfeng, Mr. Xiong Di, Mr. Huang Yu, Mr. Wu Bin, and Ms. Chen Huiling as executive Directors; Mr. Shen Yang as non-executive Director; and Mr. Li Huamin, Mr. Yi Ling and Ms. Zhao Caihong as independent non-executive Directors.

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