飛揚集團
— FEIYANG TRAVEL GROUP —

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)

SUPPLEMENTAL AND CLARIFICATION ANNOUNCEMENT MAJOR AND CONNECTED TRANSACTION DISPOSAL OF A SUBSIDIARY

Reference is made to the announcement made by Feiyang International Holdings Group Limited (the "**Company**") dated 19 November 2024 in relation to the proposed disposal of a subsidiary (the "**Announcement**"). Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless otherwise specified.

The Company would like to clarify and supplement the following information regarding the Announcement:

INFORMATION OF THE TARGET GROUP AND NON-FULFILLMENT OF PROFIT GUARANTEE

The completion of the acquisition of the Sale Shares from Ningbo Zhenhang took place on 15 October 2022 (the "**Completion**").

Pursuant to the Original Agreement, Ningbo Zhenhang and the Target Group guarantee to Feiyang International that during the three years from the date of Completion, the net profit of the Target Group shall not be less than RMB50,400,000 for each year (the "**Annual Guarantee Profit**") and RMB4,200,000 for each month (the "**Monthly Guarantee Profit**", together with the Annual Guarantee Profit, the "**Guarantee Profit**"). If the actual net profit of the Target Group for the Annual Guarantee Profit or the Monthly Guarantee Profit falls short of the Guarantee Profit and Ningbo Zhenhang makes up for the shortfall, Feiyang International shall pay the consideration for the relevant period according to the Agreement. If Ningbo Zhenhang does not make up for the shortfall fully, the consideration payable for the relevant period(s) shall be adjusted downward proportionately.

Based on the management accounts of the Target Group, the actual net profit of the Target Group and the amount of shortfall required to be paid by Ningbo Zhenhang to the Target Group pursuant to the Monthly Guarantee Profit for the months indicated below are as follows:

Month	**Actual net profit** *(RMB'000)* (unaudited)	**Amount of shortfall** *(RMB'000)*
October 2022	33	4,167
November 2022	545	3,655
December 2022	2,596	1,604
January 2023	3,787	413
February 2023	746	3,454
March 2023	266	3,934
April 2023	3,150	1,050
May 2023	(60)	4,260
June 2023	3,287	913
July 2023	6,688	N/A
August 2023	1,464	2,736
September 2023	335	3,865
October 2023	(28)	4,228
November 2023	(2,285)	6,485
December 2023	(6,075)	10,275
January 2024	1,458	2,742
February 2024	(1)	4,201
March 2024	14	4,186
April 2024	397	3,803
May 2024	(561)	4,761
June 2024	(3,461)	7,661
July 2024	(308)	4,508
August 2024	(838)	5,038
September 2024	(564)	4,764
October 2024	(2,534)	6,734

Ningbo Zhenhang has settled all the required amount of shortfall for the periods from October 2022 to June 2023. After June 2023, Ningbo Zhenhang has not settled the required amount of shortfall in accordance with the profit guarantee arrangement under the Original Agreement, and Feiyang International did not pay the consideration under the Original Agreement for the relevant periods.

FINANCIAL EFFECT OF THE DISPOSAL

Based on (i) the nets asset value of the Target Group as at 30 September 2024 of approximately RMB20.1 million, of which approximately RMB12.0 million is attributable to the Group through its 60% equity interest in the Target Company; (ii) the gross proceeds from the Disposal of approximately RMB22.7 million; and (iii) the refund of approximately RMB22.7 million, being the total amount of dividend distributed by the Target Company to the Group, which shall be returned to the Target Company, the Group currently expects to record a loss on disposal of approximately RMB12 million from the Disposal. The actual loss of the Disposal for the Group is subject to audit and therefore may be different from the amount mentioned above.

REASONS FOR AND BENEFITS OF THE DISPOSAL

In 2023, the management of the Company believed that the operation of airline business was constrained by different factors, including government policy, route planning and seasonality, and the Target Group's failure to meet the profit guarantee could be a temporary situation and that its business could improve over time. Hence, as long as the Target Group did not record significant losses for a prolonged period, the Group was still optimistic about the business development of the Target Group. However, as the business performance of the Target Group still did not meet the expectation of the Group in 2024 and the Target Group had recorded net losses for a prolonged period since May 2024, the Group decided to enter into the Termination Agreement.

Furthermore, as (i) the total amount of consideration paid by Feiyang International to Ningbo Zhenhang under the Original Agreement of RMB22,680,000 is equivalent to the amount of consideration payable by Ningbo Zhenhang to Feiyang International under the Termination Agreement and (ii) the amount of dividend to be returned by Feiyang International to the Target Company of RMB22,680,000 is equivalent to the total amount of dividend received by Feiyang International from the Target Company, there would not be any net cash inflow/outflow as a result of the entering into of the Original Agreement and the Termination Agreement.

INFORMATION OF THE TARGET GROUP

The Company would like to clarify that there were inadvertent clerical errors in the paragraph headed "INFORMATION ON THE TARGET GROUP" in the Announcement, the revenue, operating profit/(loss), net profit/(loss) before tax and net profit/(loss) after tax of the Target Group should be read as follows:

	For the nine months ended 30 September 2024 *(RMB'000)* (unaudited)	**For the year ended 31 December 2023** *(RMB'000)*	**For the year ended 31 December 2022** *(RMB'000)* (unaudited)
Revenue	75,921	314,379	5,174
Operating profit/(loss)	(3,110)	(3,592)	5,174
Net profit/(loss) before tax	(3,378)	(3,578)	5,175
Net profit/(loss) after tax	(3,381)	(5,301)	5,175

The above information does not affect other information contained in the Announcement, and save as disclosed above, all other information therein remains unchanged.

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

Ningbo, the People's Republic of China, 20 February 2025

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, Ms. Zhao Caihong and Ms. Yuan Shaoying as independent non-executive Directors.

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