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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

MEMORANDUM OF UNDERSTANDING IN RELATION TO THE FORMATION OF A JOINT VENTURE COMPANY

This announcement is made by Feiyang International Holdings Group Limited (the “**Company**”) on a voluntary basis to provide the shareholders and potential investors of the Company with updated information on the latest business development of the Group.

The board (the “**Board**”) of directors (“**Directors**”) of the Company is pleased to announce that, on 13 May 2022, the Company entered into a non-legally binding memorandum of understanding (the “**MOU**”) with Don Rich Industries Limited (富發實業有限公司) (“**Don Rich Industries**”) in relation to the proposed formation of a joint venture company (the “**JV Company**”).

MOU

Date: 13 May 2022

Parties: (1) Company
(2) Don Rich Industries

Based on the information available to the Company, Don Rich Industries is a limited company incorporated in Hong Kong and owned as to 81.9% and 18.1% by Cheung Wang Fat (張宏發) and Wo Chi Ping (鄔志萍), respectively. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Don Rich Industries and its ultimate beneficial owners are third parties independent from the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

PURPOSE OF THE JV COMPANY

The JV Company is proposed to be set up for the purpose of engaging in provision of Metaverse platforms and investing in the Liuzhou Feiyang Metaverse Technology Centre (柳州飛揚元宇宙科技城) and Weifang Feiyang Metaverse Technology Centre (濰坊飛揚元宇宙科技城) projects in the People's Republic of China (the “**PRC**”).

CAPITAL CONTRIBUTION

Subject to any formal joint venture agreement (the “**Formal JV Agreement**”), the Company (or its wholly-owned subsidiary) and Don Rich Industries shall procure the formation of a new limited company to be owned as to 51% by the Company (or its wholly-owned subsidiary) and as to 49% by Don Rich Industries, and the total capital contribution to be made by the parties shall not exceed RMB148 million.

FORMAL AGREEMENT AND EXCLUSIVITY

The Company and Don Rich Industries shall use their best endeavours to negotiate the terms of the formation of the JV Company and enter into the Formal JV Agreement within the exclusivity period, which shall be six months from the date of the MOU (or such later date as the Company and Don Rich Industries may agree in writing) (the “**Exclusivity Period**”). During that Exclusivity Period, Don Rich Industries shall not enter into any discussions or agreement with other third parties in relation to the formation of the JV Company.

LISTING RULES IMPLICATIONS

Save for the provisions relating to the confidentiality and governing laws, the MOU does not have any legal binding effect. The MOU may or may not lead to the entering into of the Formal JV Agreement and the transactions contemplated thereunder may or may not be consummated. Should the proposed formation of the JV Company under the MOU, if materialised, constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules, further announcement will be made by the Company as and when appropriate in accordance to the Listing Rules.

As at the date of this announcement, the Company and Don Rich Industries have not entered into any legally binding agreement(s) in relation to the formation of the JV Company. As the formation of the JV Company may or may not proceed, shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Ningbo, the PRC, 13 May 2022

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

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