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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue	715,868	534,303
Gross profit	48,490	54,333
Loss for the year	(54,830)	(11,565)

- Revenue increased by RMB181.6 million or 34.0% year-on-year, due to increase in sales of the Group's travel related products and services as a result the recovery of the tourism industry in the PRC.
- Gross profit decreased by RMB5.8 million or 10.8% to RMB48.5 million for the Year.
- Net loss of RMB54.8 million was recorded for the Year (Previous Year: RMB11.6 million).

The board (the “**Board**”) of directors (the “**Directors**”) of Feiyang International Holdings Group Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 (the “**Year**”), together with the comparative figures for the year ended 31 December 2023 (the “**Previous Year**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Notes</i>	2024 RMB’000	2023 <i>RMB’000</i>
REVENUE	5	715,868	534,303
Cost of sales		<u>(667,378)</u>	<u>(479,970)</u>
Gross profit		48,490	54,333
Other income and gains	5	34,975	38,808
Selling and distribution expenses		(28,250)	(21,487)
Administrative expenses		(39,758)	(42,181)
Impairment losses on financial assets recognised, net		(50,423)	(18,978)
Other expenses		(8,794)	(7,871)
Share of losses of associates		(756)	(1,629)
Share of losses of joint ventures		–	(3)
Finance costs	6	<u>(9,949)</u>	<u>(10,832)</u>
LOSS BEFORE INCOME TAX	7	(54,465)	(9,840)
Income tax expenses	8	<u>(365)</u>	<u>(1,725)</u>
LOSS FOR THE YEAR		<u>(54,830)</u>	<u>(11,565)</u>

	<i>Note</i>	2024 RMB'000	2023 RMB'000
OTHER COMPREHENSIVE INCOME/ (LOSSES)			
Item that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		<u>22,436</u>	<u>(32,151)</u>
OTHER COMPREHENSIVE INCOME/ (LOSSES) FOR THE YEAR		<u>22,436</u>	<u>(32,151)</u>
TOTAL COMPREHENSIVE LOSSES FOR THE YEAR		<u>(32,394)</u>	<u>(43,716)</u>
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		(42,046)	(9,575)
Non-controlling interests		<u>(12,784)</u>	<u>(1,990)</u>
		<u>(54,830)</u>	<u>(11,565)</u>
TOTAL COMPREHENSIVE LOSSES ATTRIBUTABLE TO:			
Owners of the Company		(19,551)	(42,426)
Non-controlling interests		<u>(12,843)</u>	<u>(1,290)</u>
		<u>(32,394)</u>	<u>(43,716)</u>
		2024 RMB cent	2023 RMB cent
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9		
Basic		(5.05)	(1.17)
Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		29,404	39,192
Investment properties		6,591	6,586
Right-of-use assets		7,814	11,516
Intangible assets		1,598	2,607
Finance lease receivables		166	4,874
Advance payments for acquisition of property, plant and equipment		3,704	11,781
Investments in associates		1,076	56,166
Investments in joint ventures		464	454
Prepayments, deposits and other receivables	<i>12</i>	18,024	473
Deferred tax assets		–	381
		68,841	134,030
CURRENT ASSETS			
Inventories		4,543	5,250
Trade receivables	<i>11</i>	88,648	201,071
Prepayments, deposits and other receivables	<i>12</i>	195,648	156,521
Finance lease receivables		38	1,996
Amounts due from related parties		8,490	5,979
Financial assets at fair value through profit or loss		340	2,494
Pledged deposits		3,042	3,042
Cash and cash equivalents		36,688	56,500
		337,437	432,853
CURRENT LIABILITIES			
Trade payables	<i>13</i>	33,816	139,880
Contract liabilities, other payables and accruals		107,704	132,847
Interest-bearing bank and other borrowings	<i>14</i>	197,460	194,857
Lease liabilities		4,543	5,086
Tax payables		7,002	6,081
		350,525	478,751
NET CURRENT LIABILITIES		(13,088)	(45,898)
TOTAL ASSETS LESS CURRENT LIABILITIES		55,753	88,132
NON-CURRENT LIABILITIES			
Lease liabilities		4,701	7,956
		4,701	7,956
NET ASSETS		51,052	80,176
EQUITY			
Share capital		7,145	7,145
Reserves		51,491	70,271
Equity attributable to owners of the Company		58,636	77,416
Non-controlling interests		(7,584)	2,760
TOTAL EQUITY		51,052	80,176

NOTES

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands with limited liability. The registered office address of the Company is Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman, KY1-1209, Cayman Islands. The principal place of business is located at East Mansion, Wuyi Plaza, No. 2437 Zhongshan East Road, Ningbo City, Zhejiang Province, the People's Republic of China (the “**PRC**”).

The Company is an investment holding company. During the year, the Company's subsidiaries were principally involved in (i) the design, development and sale of outbound, domestic and surrounding travel package tours; (ii) the design, development and sale of free independent traveller (“**FIT**”) products; (iii) the provision of other ancillary travel-related products and services; (iv) the sales of health products; (v) the provision of information system development products and services; and (vi) the provision of finance lease services.

In the opinion of the directors of the Company, the ultimate controlling shareholders of the Group are Mr. He Binfeng and Ms. Qian Jie, the spouse of Mr. He (collectively, the “**Controlling Shareholders**”).

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 28 June 2019.

The consolidated financial statements is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (“**RMB'000**”) except when otherwise indicated.

2. BASIS OF PRESENTATION AND PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the disclosure requirements of Hong Kong Companies Ordinance.

Going concern basis

The Group incurred net losses amounted to approximately RMB54,830,000 for the year ended 31 December 2024 and the Group's net current liabilities amounted to approximately RMB13,088,000 as at 31 December 2024, the directors of the Company considered it appropriate for the preparation of the consolidated financial statements on a going concern basis for at least twelve months after the end of the reporting period after taking into account the following circumstances and measures:

- (i) The Group has been actively negotiating with banks in renewing its short-term borrowings upon their maturities and the management of the Company is confident in the successful renewal of the bank loans upon maturity; and
- (ii) The Group is implementing various measures, such as optimising its overall sales network and undergoing effective cost control to improve the profit margin and operating cash flows of its business.

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for at least twelve months after 31 December 2024. Accordingly, the consolidated financial statements have been prepared on a going concern basis. Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying amounts of the Group's assets to their net realisable amounts, to provide for further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “ 2020 Amendments ”)
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “ 2022 Amendments ”)
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

The Group's chief operating decision makers are the executive directors of the Company. The information reported to the Company's executive directors, for the purpose of resource allocation and assessment of performance, does not contain discrete operating segment financial information and the executive directors review the financial results of the Group as a whole.

Geographical information

The Group's operations are located in the Mainland China and Hong Kong.

Revenue from external customers are allocated based on the geographical areas in which the customers are located.

An analysis of the Group's revenue from external customers and non-current assets (excluding deferred tax assets and financial assets) by geographical location are as follows:

	Revenue from external customers		Non-current Assets	
	Year ended		As at	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	698,113	514,034	19,733	77,887
Hong Kong	17,755	20,269	30,918	50,415
	<u>715,868</u>	<u>534,303</u>	<u>50,651</u>	<u>128,302</u>

Information about major customers

Revenue from customers contributing over 10% of the Group's revenue is as follows:

Gross revenue from sales of FIT products

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A	<u>—*</u>	<u>96,227</u>

* Customer A did not contribute over 10% of the Group's revenue for the year ended 31 December 2024.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the consideration to which the Group expects to be entitled in exchange for products and services sold during the year.

An analysis of revenue, other income and gains is as follows:

	2024 RMB'000	2023 RMB'000
Revenue		
Revenue from contracts with customers		
Sales of package tours — Domestic	289,075	183,936
Gross revenue from the sales of FIT products	397,529	314,251
Margin income from sales of FIT products	6,999	12,369
Information system development services	671	4,801
Sales of ancillary travel-related products and services	5,166	1,624
Sales of wines	—	2,791
Sales of health products	16,300	5,273
Sales of information technology products	—	1,460
	<u>715,740</u>	<u>526,505</u>
Revenue from other sources		
Finance lease income	<u>128</u>	<u>7,798</u>
	<u>715,868</u>	<u>534,303</u>
Other income		
Bank interest income	642	209
Government grants (note (2))	1,357	42
Rental income	400	897
Other interest income	172	280
Sundry income (note (3))	2,131	3,334
Compensation income on profit guarantee arrangement (note (4))	<u>30,240</u>	<u>27,720</u>
	<u>34,942</u>	<u>32,482</u>
Gains, net		
Foreign exchange gains, net	28	27
Changes in fair value of investment properties	5	119
Gain on disposal on property, plant and equipment	—	2,147
Realised gain on disposal of listed equity securities	<u>—</u>	<u>4,033</u>
	<u>33</u>	<u>6,326</u>
Total other income and gains	<u>34,975</u>	<u>38,808</u>

Notes:

- (1) The Group derives revenue from the transfer of products and services over time and at a point in time in the following major product lines:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Timing of revenue recognition within the scope of HKFRS 15		
Over time:		
— Sales of package tours	289,075	183,936
— Information system development services	671	4,801
	<u>289,746</u>	<u>188,737</u>
At a point in time:		
— Gross revenue from the sales of FIT products	397,529	314,251
— Margin income from the sales of FIT products	6,999	12,369
— Sales of ancillary travel-related products and services	5,166	1,624
— Sales of wines	–	2,791
— Sales of health products	16,300	5,273
— Sales of information technology products	–	1,460
	<u>425,994</u>	<u>337,768</u>
	<u><u>715,740</u></u>	<u><u>526,505</u></u>

- (2) There are no unfulfilled conditions or contingences relating to the grants.
- (3) In previous years, the Group had some unresolved legal case relating to contract dispute with suppliers. During the current year, the PRC courts ruled in favour of the Group and to the extent RMB826,000 (2023: RMB2,750,000) was refunded to the Group which was included in sundry income.
- (4) During the current year, the Group recognised compensation income from profit guarantee arrangement in relation to the acquisition of subsidiaries in prior year, which amounted to RMB30,240,000 (2023: RMB27,720,000).

6. FINANCE COSTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on bank loans and other loan	9,143	10,177
Interest on bills payable	282	–
Interest on lease liabilities	524	655
	<u>9,949</u>	<u>10,832</u>
Total interest expenses on financial liabilities not at fair value through profit or loss	<u><u>9,949</u></u>	<u><u>10,832</u></u>

7. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging/(crediting):

	2024 RMB'000	2023 RMB'000
Cost of services provided	649,434	463,857
Depreciation of property, plant and equipment	11,155	10,380
Depreciation of right-of-use assets	5,127	5,710
Amortisation of intangible assets	1,051	524
Lease expenses relating to short-term leases	1,697	2,315
Auditor's remuneration		
— audit service	1,150	1,200
— non-audit service	150	150
Impairment of trade receivables (reversed)/recognised	(12,986)	17,757
Impairment of financial assets included in prepayments, deposits and other receivables recognised	57,829	1,125
Impairment of finance lease receivables recognised	5,580	96
Impairment loss of property, plant and equipment (<i>note (1)</i>)	172	1,779
Fair value loss on listed equity securities (<i>note (1)</i>)	—	4,838
Fair value loss on unlisted fund investments (<i>note (1)</i>)	46	126
Realised loss/(gain) on listed equity securities (<i>note (1)</i>)	247	(4,033)
Changes in fair value of investment properties	(5)	(119)
Loss on settlement of prepayments (<i>note (1)</i>)	3,414	—
Loss on termination of lease (<i>note (1)</i>)	31	—
Loss on disposal on associates (<i>note (1)</i>)	1,171	—
Employee benefit expense (excluding directors' and the chief executive's remuneration):		
Wages and salaries	27,860	25,464
Pension scheme contributions (<i>note (2)</i>)	3,338	3,019
Equity-settled share-based payments	672	—
Staff welfare expenses	1,514	59
	33,384	28,542

Notes:

- (1) The above expenses are included in other expenses presented in the consolidated statement of profit or loss and other comprehensive income excluding gains on fair value changes on investment properties and listed equity securities presented in other income and gains.
- (2) As at 31 December 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2023: Nil).

8. INCOME TAX EXPENSES

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which the members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for income tax has been made as the Group did not generate any assessable profits in Hong Kong during the year (2023: Nil).

During the year, except for one subsidiary of the Group which was entitled to a preferential income tax rate of 20% (2023: 20%) for small and micro enterprises with the first RMB1.0 million of annual taxable income eligible for a 75% tax reduction and the income between RMB1.0 million and RMB3.0 million eligible for a 50% tax reduction, the provision for Mainland China current income tax is based on the statutory rate of 25% (2023: 25%) of the assessable profits of the subsidiaries of Mainland China as determined in accordance with the Corporate Income Tax Law.

The income tax expenses of the Group is analysed as follows:

	2024 RMB'000	2023 RMB'000
Provided for the year — Mainland China	—	1,745
Under-provided in prior year — Mainland China	341	—
Deferred tax charged/(credited)	24	(20)
	365	1,725

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share attributable to owners of the Company is based on following data:

	2024	2023
Loss for the purpose of basic loss per share		
Loss for the year attributable to owners of the Company (in RMB'000)	<u>(42,046)</u>	<u>(9,575)</u>
Number of shares for the purpose of basic loss per share		
Weighted average number of ordinary shares in issue during the year ('000)	<u>832,000</u>	<u>815,605</u>
Basic loss per share (in RMB cent)	<u><u>(5.05)</u></u>	<u><u>(1.17)</u></u>

(b) Diluted loss per share

No diluted loss per share for the year ended 31 December 2024 is presented as the effects arising from exercise of the Company's share options granted are anti-dilutive.

No diluted loss per share for the year ended 31 December 2023 is presented as there was no potential ordinary shares in issue for the year.

10. DIVIDENDS

The directors of the Company do not recommend payment of a dividend in respect of the year ended 31 December 2024 (2023: Nil).

11. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables, gross amount	155,796	281,205
Less: impairment losses recognised	<u>(67,148)</u>	<u>(80,134)</u>
	<u><u>88,648</u></u>	<u><u>201,071</u></u>

The credit terms granted by the Group are generally up to two months, extending up to one year for certain customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables, gross amount as at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
1 to 60 days	67,448	104,805
61 to 180 days	543	100,315
181 to 365 days	17,070	9,061
1 to 2 years	5,590	9,281
Over 2 years	65,145	57,743
	<u>155,796</u>	<u>281,205</u>

As at 31 December 2024, RMB3,524,000 (2023: RMB735,000) of the Group's trade receivables was pledged to secure bank loans granted to the Group.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	<u>125,735</u>	<u>67,888</u>
Deposits and other receivables	224,757	168,097
Less: impairment losses recognised	<u>(136,820)</u>	<u>(78,991)</u>
	<u>87,937</u>	<u>89,106</u>
Total	<u>213,672</u>	<u>156,994</u>
Analysed for reporting as:		
Non-current assets	18,024	473
Current assets	<u>195,648</u>	<u>156,521</u>
	<u>213,672</u>	<u>156,994</u>

13. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
1 to 60 days	19,198	125,137
61 to 180 days	10,925	12,756
181 to 365 days	301	187
Over 1 year	3,392	1,800
	<u>33,816</u>	<u>139,880</u>

Trade payables are non-interest-bearing and are normally settled on 60-day terms.

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective interest rate (%)	Maturity	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current				
Bank loans — secured	3.00–6.80	2025	197,460	—
Bank loans — secured	3.50–5.60	2024	—	194,857
			<u>197,460</u>	<u>194,857</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a well-established travel service provider based in Ningbo, Zhejiang Province of the PRC and offers diversified products that cater for different travellers' needs. The Group is principally engaged in (i) the design, development and sales of outbound, domestic and surrounding travel package tours; (ii) the design, development and sales of FIT products, which mainly include provision of air tickets and/or hotel accommodation; (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; (iv) the sales of health products; (v) the provision of information system development products and services; and (vi) the provision of finance lease services.

Domestic travel spending in China is projected to reach new heights this year, exceeding pre-pandemic figures. According to the China Tourism Academy, the number of domestic tourist trips is anticipated to surpass 6 billion in 2024.

The sustained strength of domestic travel was particularly evident during the Golden Week national holidays. Cross-regional passenger trips during this period reached over 278.76 million, representing an increase of 5.2% compared to 2023 and 24.8% higher than pre-pandemic levels in 2019. Such robust travel demand clearly demonstrates renewed consumer confidence and underscores the vitality of the domestic tourism market.

Acknowledging the vital role of holidays and leisure time in promoting domestic tourism, China announced revisions to its holiday schedule in November 2024, introducing two additional public holidays starting from 1 January 2025 — one extra day each for the Spring Festival and Labor Day. According to the Ministry of Culture and Tourism, the extended 8-day Spring Festival holiday in 2025 is expected to result in approximately 501 million domestic trips, representing a 5.9% increase year-on-year, and generate domestic tourism revenue of RMB677 billion, reflecting a 7.0% year-on-year growth.

Reflecting these positive developments, the sales of travel-related products and services of the Group has significantly increased from RMB512.2 million for the Previous Year to RMB698.8 million for the Year.

The COVID-19 pandemic has heightened consumer interest in health, nutrition, and wellness, driving an increase in the market for health-related products. The Group is leveraging this trend by continuing to diversify its business offerings through distributing health products through its online platform, and engaging external manufacturers to produce health products developed and marketed under the Group's brands. This growth boosted the Group's sales of health products from RMB5.3 million for the Previous Year to RMB16.3 million for the Year.

The Group recorded a net loss of RMB54.8 million and RMB11.6 million for the Year and the Previous Year, respectively. Despite the fact that the total revenue has significantly increased from RMB534.3 million in the Previous Year to RMB715.9 million for the Year, the Group recorded a significant increase in net loss mainly due to (i) the recognised of impairment losses on financial assets of RMB50.4 million (Previous Year: RMB19.0 million) after the assessment of the credit risk on financial assets faced by the Group at the end of the Year; (ii) the increase in selling and distribution expenses of approximately RMB6.8 million mainly attributable to the increase in staff costs as a result of the expansion of our business network from Zhejiang Province to nationwide; and (iii) decrease in gross profits from provision of information system development services and finance lease income during the Year.

PROSPECTS

China's domestic tourism market achieved a robust recovery and remarkable expansion, underpinned by strong consumer confidence, supportive policy measures, and increased integration of innovative technologies. In the first three quarters of 2024, China's domestic tourism sector experienced robust growth. Domestic tourist arrivals totaled approximately 4.237 billion, an increase of 563 million compared to the previous year, which translates to a growth rate of 15.3%. Domestic tourism consumption not only rebounded from previous years but also exceeded pre-pandemic levels, showcasing sustained growth momentum and highlighting the increasingly vital role of domestic consumption in China's economic development. Total domestic tourism expenditure rose to RMB4.35 trillion, reflecting an increase of RMB660 billion or 17.9% from the same period in 2023. This trend demonstrates that Chinese consumers are not only traveling more frequently but are also spending more per capita, highlighting domestic consumption as a significant contributor to the national economy.

Furthermore, full-year data reinforces the robust growth trend observed in the domestic tourism sector. According to the Ministry of Culture and Tourism, Chinese residents undertook approximately 5.615 billion domestic trips throughout 2024, an increase of 724 million trips, or 14.8%, compared to 2023. Total domestic tourism expenditure soared to RMB5.75 trillion in 2024, representing a year-on-year growth of 17.1%. Urban residents contributed significantly to this spending, accounting for RMB4.93 trillion, which reflects an increase of 18.0%, while rural residents contributed RMB830 billion, representing a rise of 12.2%. This strong demand for travel clearly indicates a resurgence in consumer confidence and highlights the vitality of the domestic tourism market.

In response to heightened competition in the domestic tourism market, our Group is dedicated to preserving its leading position in the industry. We will proactively seek out market opportunities through strategic benchmarking, enhance key performance indicators, develop and utilize core competencies, and continually to refine our strategy to increase our competitiveness.

The Group is confident for its sustainable growth and believes that its management team with extensive industry experience and its agile operations team are able to adapt to the rapid changes of the demand from the market and adjust the business strategy in accordance with market trends.

FINANCIAL REVIEW

Revenue

The following table sets forth the breakdown of the Group's revenue by business segment for the years indicated:

	Year ended 31 December			
	2024		2023	
	Revenue	Percentage	Revenue	Percentage
	<i>RMB'000</i>	<i>of revenue</i>	<i>RMB'000</i>	<i>of revenue</i>
		<i>%</i>		<i>%</i>
Travel-related products and services				
(i) Gross revenue from sales of FIT products	397,529	55.5	314,251	58.8
(ii) Sales of package tours	289,075	40.4	183,936	34.4
(iii) Margin income from sales of FIT products	6,999	1.0	12,369	2.3
(iv) Sales of ancillary travel-related products and services	5,166	0.7	1,624	0.3
	698,769	97.6	512,180	95.8
Sales of health products	16,300	2.3	5,273	1.0
Information system development services	671	0.1	4,801	0.9
Finance lease income	128	–	7,798	1.5
Sales of wines	–	–	2,791	0.5
Sales of information technology products	–	–	1,460	0.3
Total	715,868	100.0	534,303	100.0

During the Year, the Group generated revenue from: (i) provision of travel-related products and services, including gross revenue from sales of FIT products, sales of package tours, margin income from sales of FIT products and sales of ancillary travel-related products and services; (ii) sales of health products; (iii) provision of information system development services; and (iv) finance lease income; (v) sales of wines; and (vi) sales of information technology products. The Group's customers primarily comprised retail, corporate and institutional customers.

The Group's total revenue increased significantly by RMB181.6 million or 34.0% from RMB534.3 million for the Previous Year to RMB715.9 million for the Year, which was mainly attributable to increase in sales of the Group's travel related products and services as a result of the recovery of the tourism industry in the PRC.

Travel-related products and services

(i) Gross revenue from sales of FIT products

Gross revenue from sales of FIT products of air tickets and hotel accommodations to customers were recorded on a gross basis due to the Group's role in providing goods and rendering services as a principal and control over the goods and services provided by airline operators, hotel operators and other travel agencies during the Year. During the Year, the Group's gross revenue from sales of FIT products amounted to RMB397.5 million (Previous Year: RMB314.3 million) due to the expansion of our business network from Zhejiang Province to nationwide.

(ii) Sales of package tours

The sales of package tours mainly represented the fees received from customers for the package tours. The Group's package tours can be classified into (i) traditional package tours, which are group tours with standardised itineraries; and (ii) tailor-made tours, which are group tours with non-standardised itineraries and provide freedom for customers to select their preferred mode of transportations, hotels and tourist attractions.

Package tours by type

The following table sets forth the breakdown of the revenue from sales of package tours by type for the years indicated:

	Year ended 31 December			
	2024		2023	
	Revenue	Percentage	Revenue	Percentage
	<i>RMB'000</i>	<i>of revenue</i>	<i>RMB'000</i>	<i>of revenue</i>
		<i>%</i>		<i>%</i>
Traditional package tours	266,320	92.1	161,867	88.0
Tailor-made tours	22,755	7.9	22,069	12.0
Total	289,075	100.0	183,936	100.0

The sales of traditional package tours and tailor-made tours contributed 92.1% and 7.9% (Previous Year: 88.0% and 12.0%) of the Group's total sales of package tours for the Year, respectively. The Group's sales of package tours significantly increased by RMB105.1 million or 57.2% from RMB183.9 million for the Previous Year to RMB289.1 million for the Year.

The increase in sales from traditional package tours from RMB161.9 million for the Previous Year to RMB266.3 million for the Year was mainly due to recovery of the tourism industry which led to an increase in demand for package tours during the Year. The sales from tailor-made tours remained relatively stable from RMB22.1 million for Previous Year to RMB22.8 million for the Year.

(iii) Margin income from sales of FIT products

FIT products mainly include air tickets, hotel accommodation and a combination of both. The Group's margin income from sales of FIT products is recognised on a net basis, being the sales invoice amount of the FIT products netted off against the associated direct costs, as the Group render services as an agent, whereby the Group is only responsible for arranging the booking of FIT products with no control obtained over the services performed by airline operators, hotel operators and other travel agencies.

FIT products by type

The Group's margin income from sales of FIT products included (i) margin income from sales of air tickets; and (ii) margin income from sales of other FIT products. The following table sets forth the breakdown of revenue of margin income from FIT products by type for the years indicated:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Margin income from sales of air tickets	6,308	12,205
Margin income from sales of other FIT products	691	164
Total	6,999	12,369

The Group's total margin income from sales of FIT products significantly decreased by RMB5.4 million or 43.4% from RMB12.4 million for the Previous Year to RMB7.0 million for the Year.

During the Year, the Group's margin income from sales of air tickets decreased by RMB5.9 million or 48.3%, from RMB12.2 million for the Previous Year to RMB6.3 million for the Year. Margin income from sales of air tickets decreased as more sales of FIT products were recorded on a gross basis during the Year.

The Group's margin income from sales of other FIT products increased from RMB0.2 million for the Previous Year to RMB0.7 million for the Year mainly due to the recovery of the tourism industry in the PRC during the Year.

(iv) Sales of ancillary travel-related products and services

The Group also offered ancillary travel-related products and services to customers, 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 sales of ancillary travel-related products and services increased from RMB1.6 million for the Previous Year to RMB5.2 million for the Year as the Group provided more management services for tourist attractions during the Year.

Sales of health products

In 2022, the Group ventured into new business opportunities into nutraceutical market through sales of health products, including Nicotinamide MonoNucleotide longevity supplements, liver detoxification supplements and related products to address the increasing attention to health and prevention by the consumers. Revenue generated from sales of health products increased by RMB11.0 million or 209.1%, from RMB5.3 million for the Previous Year to RMB16.3 million for the Year, which was mainly driven by the rising demand for anti-aging supplement, especially for NMN longevity supplements and the successful promotional campaigns targeting health-conscious consumers.

Information system development services

Information system development services mainly represented the provision of cloud storage services, web hosting services, enterprise mailbox and website development and leasing of equipment including rental of data centres, servers, hard drives, computing machines, cryptocurrency mining machines and other storage devices. Revenue from information system development services amounted to RMB0.7 million for the Year (Previous Year: RMB4.8 million).

Finance lease income

In 2023, the Group launched its new business segment for rental of computing power machines and hardware equipment. The revenue generated from finance lease income significantly decreased to RMB0.1 million during the Year for the Year (Previous Year: RMB7.8 million).

Sales of wines

During the Previous Year, the Group sold wines together with wine non-fungible token (“NFT”). The wine NFT linked to a physical bottle or barrel of wine, and the winemaking information from planting to bottling can be specified on the NFT. No revenue was generated from sales of wines for the Year (Previous Year: RMB2.8 million).

Sales of information technology products

Sales of information technology products included sales of computing machines and computer components and storage, such as processors, motherboards, hard drives and server components. No revenue was generated from sales of information technology products during the Year (Previous Year: RMB1.5 million).

Cost of sales

The Group’s cost of sales mainly represented the (i) direct costs incurred for the sales of package tours including land and cruise operation, air ticket and local transportation, hotel accommodation and others, and (ii) costs incurred for sales of FIT products. Cost of sales increased significantly by RMB187.4 million or 39.0% from RMB480.0 million

for the Previous Year to RMB667.4 million for the Year. Such increase was due to increase in cost incurred for sales of FIT products and package tours as a result of the recovery of the tourism industry in the PRC, while the Group recognised majority of sales of FIT products on a gross basis during the Year, which further contributed to the increase in cost of sales during the Year.

Gross profit and gross profit margin

The following table sets forth the breakdown of the Group's gross profit and gross profit margin by business segment for the years indicated:

	Year ended 31 December			
	2024		2023	
	Gross profit/(loss) RMB'000	Gross profit/(loss) margin %	Gross profit RMB'000	Gross profit margin %
Travel-related products and services				
(i) Gross revenue from sales of FIT products	(1,918)	(0.5)	11,662	3.7
(ii) Package tours				
— Traditional	37,667	14.1	20,825	12.9
— Tailor-made	2,103	9.2	1,971	8.9
	39,770	13.8	22,796	12.4
(iii) Margin income from sales of FIT products	6,317	90.3	12,241	99.0
(iv) Ancillary travel-related products and services	1,119	21.7	774	47.7
	45,288	6.5	47,473	9.3
Sales of health products	2,449	15.0	1,131	21.4
Information system development services	625	93.1	3,370	70.2
Finance lease income	128	100.0	2,125	27.3
Sales of wines	—	—	99	3.5
Sales of information technology products	—	—	135	9.2
Total	48,490	6.8	54,333	10.2

The Group recorded gross profit of RMB48.5 million and RMB54.3 million, representing gross profit margin of 6.8% and 10.2% for the Year and the Previous Year, respectively. The decrease in the overall gross profit was mainly due to decrease in gross profits from (i) sales of FIT Products on a gross basis by RMB13.6 million; (ii) margin income from sales of FIT Products by RMB5.9 million; and (iii) information system development services by RMB2.7 million, but the effects of which were offset by increase in gross profit generated from package tours by RMB17.0 million to RMB39.8 million during the Year (Previous Year: RMB22.8 million).

The overall gross profit margin decreased by 3.4 percentage points from 10.2% for the Previous Year to 6.8% for the Year, which was mainly attributable to the changes in the Group's product and service mix. As the Group's majority of sales of FIT Products were recorded on a gross basis during the Year, the respective proportion of revenue generated from gross revenue from sales of FIT products will affect the overall gross profit margin. The Group's margin income from gross revenue from sales of FIT products had relatively lower profit margin compared to other business segments.

The overall gross profit margin of package tours slightly increased from 12.4% for the Previous Year to 13.8% for the Year. The Group recorded a gross loss margin of 0.5% from sales of FIT Products on a gross basis during the Year (Previous Year: gross profit margin: 3.7%) which mainly due to increase in the arrangements for ticket changes and refund as a result of flight cancellations or delays.

The overall gross profit margin of sales of health products decreased from 21.4% for the Previous Year to 15.0% for the Year which mainly due to (i) aggressive promotional pricing strategies aimed at capturing market share; and (ii) rising raw material costs and logistics expenses.

Other income and gains

Other income and gains mainly consisted of (i) compensation income on profit guarantee arrangement; (ii) government grant; and (iii) sundry income.

Other income and gains decreased by RMB3.8 million from RMB38.8 million for the Previous Year to RMB35.0 million for the Year mainly due to (i) the absence of realised gain on disposal of listed equity securities during the Year (Previous Year: RMB4.0 million). Such decrease was partially offset by the increase in recognition of (i) compensation income on profit guarantee arrangement by RMB2.5 million from RMB27.7 million in the Previous Year to RMB30.2 million during the Year from Ningbo Zhenhang Business Service Co., Ltd. ("**Ningbo Zhenhang**"), Zhejiang Feijiada Aviation Service Co., Ltd.* ("**Zhejiang Feijiada**") and Hainan Zhenlv International Travel Agency Co., Ltd.* (海南真旅國際旅行社有限公司) ("**Hainan Zhenlv**", together with Zhejiang Feijiada, the "**Target Group**") as a result of failure to fulfill the net profit requirement; and (ii) government grant by RMB1.3 million during the Year, which was non-recurring and with no unfulfilled conditions of contingencies. For details of the non-fulfilment and the termination agreement entered into with respect to the Group's interest in the Target Group, please refer to the announcement of the Company dated 20 February 2025 and the circular of the Company dated 24 February 2025 and the section headed "Subsequent Events" in this announcement.

Selling and distribution expenses

Selling and distribution expenses mainly consisted of (i) staff costs from sales department; (ii) advertising and marketing expenses to promote the Group's products and services through various channels such as social networks, magazines and marketing events; (iii) depreciation; and (iv) office and utility expenses for the tourism square, retail branches and sales office.

The Group's selling and distribution expenses increased by RMB6.8 million or 31.5% from RMB21.5 million for the Previous Year to RMB28.3 million for the Year mainly attributable to the increase in staff costs by RMB6.4 million as a result of the increase in headcount due to the expansion of our business network from Zhejiang Province to nationwide.

Administrative expenses

The Group's administrative expenses mainly consisted of (i) staff costs of administrative departments; (ii) office and utility expenses for the Group's offices; (iii) depreciation; (iv) transaction fee representing processing fee paid to payment platforms for transactions; (v) legal and professional fee; and (vi) other administrative expenses.

Administrative expenses decreased by RMB2.4 million or 5.7% from RMB42.2 million for the Previous Year to RMB39.8 million for the Year, which was mainly due to (i) decrease in staff costs by RMB1.2 million as a result of optimisation of its business segments and management team; and (ii) the absence of refund for NFT during the Year (Previous Year: RMB1.2 million).

Impairment losses on financial assets, net

The following table sets forth the breakdown of the Group's (reversal)/provision of impairment loss on financial assets for the years indicated:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables impairment provision/(provision reversed)	(12,986)	17,757
Prepayments, deposits and other receivables	57,829	1,125
Finance lease receivables	5,580	96
	<u>50,423</u>	<u>18,978</u>

The increase of provision for impairment loss during the Year mainly attributed to the increase in provisions for prepayments, deposits and other receivables in relation to the compensation income receivables from Ningbo Zhenhang, Zhejiang Feijiada and Hainan Zhenlv as a result of failure to fulfill the net profit requirement.

The Group uses a provision matrix to calculate expected credit losses (“ECL”) for trade receivables. To measure the provision rates, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group calibrates the matrix to adjust the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The ECL of finance lease receivables, refund from suppliers, deposits and other receivables are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The Directors are of the view that (i) the above method used in determining the amount of the impairments comply with the requirements of Hong Kong Financial Reporting Standards (“HKFRSs”); and (ii) the basis used reasonably reflected past events, current conditions and forecasts of future economic development.

In order to recover the impaired balances, the Group has taken relevant measures including commencing litigation against certain debtors and has applied to court for seizure of assets from the debtors for cases where judgment was obtained in favour of the Group.

Other expenses

The Group’s other expenses mainly consisted of (i) fair value loss and realised loss on investment in listed equity securities; (ii) impairment loss of property, plant and equipment; (iii) loss on settlement of prepayments; and (iv) loss on disposal on associates.

Other expense increased by RMB0.9 million from RMB7.9 million for Previous Year to RMB8.8 million for the Year mainly due to (i) recognition of loss on settlement of prepayments of RMB3.4 million during the Year, which was non-recurring in nature (Previous Year: Nil); and (ii) recognition of loss on disposal of 40% equity interest in an associate named Zhejiang Yangkai Intelligent Technology Co., Ltd.* (浙江揚凱智慧科技有限公司) and deregistration of Ningbo Yinjiang Feiyang Cultural Tourism Development Co., Ltd.* (寧波鄞江飛揚文旅開發有限公司) (“Ningbo Yinjiang”) in aggregate of RMB1.2 million during the Year (Previous Year: Nil). Such increase was partially offset by the absence of realised fair value loss on listed equity securities during the Year (Previous Year: RMB4.8 million).

Finance costs

The Group’s finance costs mainly represented interest expenses on bank and other borrowings, bills payable and lease liabilities. The finance costs decreased by RMB0.9 million from RMB10.8 million for the Previous Year to RMB9.9 million for the Year was mainly due to the decrease in average borrowings during the Year.

Income tax expense

Income tax expenses decreased by RMB1.4 million for the Year mainly due to decrease assessable profits. The income tax expense of RMB0.4 million for the Year was mainly attributed by the under-provision of income tax expenses in the prior years.

Loss for the year attributable to the owners of the Company

As a result of the foregoing, loss for the Year attributable to the owners of the Company was RMB42.0 million (Previous Year: RMB9.6 million).

Prepayments, deposits and other receivables, net

The following table sets forth the breakdown of the prepayments, deposits and other receivables after impairment allowance:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Non-current		
Prepayments	16,871	–
Other receivables	1,153	–
Rental deposits	–	473
	18,024	473
Current		
Prepayments	108,864	67,888
Deposit and other receivables, net	63,339	66,410
Refund from suppliers	23,445	22,223
	195,648	156,521
Total	213,672	156,994

The prepayments, deposits and other receivables increased by RMB56.7 million from RMB157.0 million as at 31 December 2023 to RMB213.7 million as at 31 December 2024, which was primarily attributable to the increase in (i) prepayment for procurement of travel-related products and services as a result of recovery of the tourism industry in the PRC during the Year; and (ii) prepayment for potential investment projects in relation to medical service and investment immigration.

Prepayments

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Non-current		
Investment projects	9,556	—
Wine	7,315	—
	<u>16,871</u>	<u>—</u>
Current		
Travel-related products and services		
— Air tickets	50,202	12,444
— Hotel accommodation, meal and tour guide	36,769	18,838
— Land and cruise operators	4,935	1,111
— Train tickets	1,559	—
	<u>93,465</u>	<u>32,393</u>
Investment projects	8,334	17,776
Health products and wine	2,226	10,012
Rental expenses for equipment	—	941
Research and development expenses	2,952	2,831
Others	1,887	3,935
	<u>108,864</u>	<u>67,888</u>
	<u><u>125,735</u></u>	<u><u>67,888</u></u>

The Group's prepayments mainly represented prepayments for (i) procurement of air tickets for both of package tours and FIT Products which were required by the Group's air ticket suppliers; (ii) package tours to land operators, cruise holiday packages to cruise operators, hotel reservation, meal and other related expense for package tours and FIT Products that which had not departed as at the end of reporting period; and (iii) potential investment projects in relation to medical service and investment immigration.

The increase in prepayments by RMB57.8 million from RMB67.9 million as at 31 December 2023 to RMB125.7 million as at 31 December 2024 was mainly due to increase in procurement of package tours related expense by RMB61.1 million as a result of increase in demand for package tours.

Deposits and other receivables, net

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Non-current		
Deposit for property, plant and equipment	<u>1,153</u>	<u>—</u>
Current		
Deposits — procurement of air tickets	34,621	24,824
Deposits — others	8,812	6,250
Commission receivables	2,960	9,045
Refund from suppliers in relation to contract dispute	731	2,828
Other receivables	<u>16,215</u>	<u>23,463</u>
	<u>63,339</u>	<u>66,410</u>
	<u>64,492</u>	<u>66,410</u>

The Group's deposits and other receivables, net mainly represented deposits for procurement of air tickets which were paid to airline operators, global distribution system service providers and ticketing agents. The Group's other receivables mainly represented petty cash for the tour escorts and staff, and receivable from disposal of property, plant and equipment.

The decrease in deposits and other receivables, net by RMB1.9 million from RMB66.4 million as at 31 December 2023 to RMB64.5 million as at 31 December 2024 was primarily due to increase in deposit for procurement of air tickets of RMB9.8 million as the Group's majority sales of FIT Products were on gross basis during the Year, which was partially offset by (i) the decrease in commission receivables from airline operators by RMB6.1 million; and (ii) the decrease in refund from suppliers in relation to contract dispute by RMB2.1 million.

Refund from suppliers

Refund from suppliers mainly represented prepayments and deposits made which were reclassified to refund from suppliers as such amount would not be used for future procurement from respective air ticket suppliers, land and cruise operators and other suppliers due to the travel restrictions and refundable to the Group.

Refund from air ticket suppliers, land and cruise operators and other suppliers remained relatively stable at RMB23.4 million as at 31 December 2024 (2023: RMB22.2 million).

Impairment assessment

The Group performed recoverability assessment on prepayment, deposits and other receivables, including but not limited to information about the strength of the suppliers to make the refund or honour the settlement obligations, under the expected credit loss model upon application of HKFRS 9, and allowance of impairment loss of RMB57.8 million (Previous Year: RMB1.1 million) was recognised for the Year. The increase of provision for impairment loss during the Period mainly attributed to the increase in other receivables in relation to the compensation income from Ningbo Zhenhang, Zhejiang Feijiada and Hainan Zhenlv as a result of failure to fulfill the net profit requirement. For details of the non-fulfilment and the termination agreement entered into with respect to its interest in the Target Group, please refer to the announcement of the Company dated 20 February 2025 and the circular of the Company dated 24 February 2025 and the section headed “Subsequent Events” in this announcement.

LIQUIDITY AND FINANCIAL REVIEW

As at 31 December 2024, the Group’s current assets and current liabilities were RMB337.4 million and RMB350.5 million (31 December 2023: RMB432.9 million and RMB478.8 million), respectively, of which the Group maintained cash and bank balances of RMB36.7 million (31 December 2023: RMB56.5 million) and pledged short-term deposits of RMB3.0 million (31 December 2023: RMB3.0 million). As at 31 December 2024, the Group’s current ratio was 1.0 times (31 December 2023: 0.9 times).

As at 31 December 2024, all bank and other borrowings of the Group bore fixed interest rates, the maturity and currency profile are set out as follows:

	Within 1 year RMB’000
RMB	<u>197,460</u>

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes interest-bearing bank and other borrowings, lease liabilities, trade payables and contract liabilities, other payables and accruals, less cash and cash equivalents and pledged deposits. Total capital represents equity attributable to the owners of the owners of the Company. The gearing ratios as at 31 December 2024 and 2023 were as follows:

	2024 RMB'000	2023 <i>RMB'000</i>
Interest-bearing bank and other borrowings	197,460	194,857
Lease liabilities	9,244	13,042
Trade payables	33,816	139,880
Contract liabilities, other payables and accruals	107,704	132,847
Less: Cash and cash equivalents	(36,688)	(56,500)
Pledged deposits	(3,042)	(3,042)
	<hr/>	<hr/>
Net debt	308,494	421,084
	<hr/>	<hr/>
Equity attributable to owners of the Company	58,636	77,416
	<hr/>	<hr/>
Total capital and net debt	367,130	498,500
	<hr/>	<hr/>
Gearing ratio	84%	84%
	<hr/>	<hr/>

The average turnover days of trade receivables remained relatively stable at 74.1 days and 75.0 days for the Year and the Previous Year, respectively. The average turnover days of trade payables for the Year decreased to 47.6 days (Previous Year: 59.8 days) as the Group settled the trade payables balance more quickly.

The Group adopts conservative treasury policies in cash and financial management. Cash is generally placed in deposits mostly denominated in RMB and Hong Kong dollars (“**HKD**”). The Group’s liquidity and financing requirements are reviewed regularly.

After taking into account the Group’s indebtedness as at 31 December 2024, the Directors have given careful consideration in working capital sufficiency. To mitigate the liquidity position of the Group and to improve the financial position of the Group, the Directors have undertaken certain plans and measures, including:

- (i) The Group has been actively negotiating with banks in renewing its short-term borrowings upon their maturities and there is no indication that the banks will not renew the existing borrowings if the Group applies for the renewal; and
- (ii) The Group is implementing various measures, such as optimising its overall sales network and undergoing effective cost control to improve the profit margin and operating cash flows of its business.

The Directors are of the opinion that, after taking into account the above plans and measures, the liquidity needs of the Group will be managed, the financial position of the Group will be improved, and in the absence of unforeseen circumstances, the Group will have sufficient working capital for the Group's requirements.

CAPITAL STRUCTURE

There is no material change in the capital structure of the Company during the Year. The capital of the Company comprises only ordinary shares.

FOREIGN EXCHANGE RISK MANAGEMENT

Majority of the Group's sales, procurements and operating costs are denominated in RMB, except for certain air tickets from international airline operators which were mainly denominated and settled in HKD and such foreign currency transactions and exposure were not material to the Group's total cost of air tickets as a whole. During the Year, the Group has not entered into any hedging transactions to reduce the exposure to foreign exchange risk, which the Directors consider not material to the Group's financial performance. However, the Group will continue to closely monitor all possible exchange risk arising from the Group's existing operations and new investments in the future and will implement the necessary hedging arrangement(s) to mitigate any significant foreign exchange exposure.

CHARGE ON ASSETS

As at 31 December 2024 and 2023, the Group's bank loans are secured by:

- (i) mortgages over the Group's investment properties situated in the PRC, which had an aggregate net carrying value of RMB6.6 million as at 31 December 2024 (2023: RMB6.6 million); and
- (ii) the pledge of certain of the Group's trade receivables amounting to RMB3.5 million as at 31 December 2024 (2023: RMB0.7 million).

During the Year, the Controlling Shareholders had jointly guaranteed certain of the Group's banking facilities of up to RMB207.5 million (2023: RMB249.0 million).

Mr. Zhang Dayi, the director of certain subsidiaries of the Company, and Ms. Zhang Xiaoshan, the spouse of Mr. Zhang Dayi, had jointly guaranteed certain of the Group's banking facilities of up to RMB49.0 million as at 31 December 2024 (2023: RMB46.0 million).

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2024, the total number of employees of the Group was 274 (31 December 2023: 257). Staff costs (including Directors' emoluments) amounted to RMB34.5 million for the Year (Previous Year: RMB29.5 million). Remuneration of the employees includes salary, discretionary bonuses and share options based on the Group's results and individual performance and the Group conducts regular performance reviews to assess the performance of the employees.

Retirement benefits schemes and in-house training programmes are made available to all levels of personnel. The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of payroll costs to the central pension scheme.

DIVIDEND

The Board did not recommend the payment of any final dividend for the Year (Previous Year: Nil).

INVESTMENT PROPERTIES

The Group's investment properties contain offices in Mainland China and are leased to third parties under operating leases for rental income. As at 31 December 2024, the Group's investment properties amounted to RMB6.6 million (2023: RMB6.6 million) and were revalued based on valuations performed by an independent professionally qualified valuer.

INVESTMENTS IN ASSOCIATES

As at 31 December 2024, the Group's investments in associates primarily represented by its interests in (i) Xinjiang Culture and Tourism Tianhe Aviation Services Co., Ltd* (新疆文旅天和航空服務有限公司), which is principally engaged in the provision of travel related services in Xinjiang, the PRC, and (ii) Anhui Feiyang Aviation Operations Development Co., Ltd* (安徽飛揚航空運營發展有限公司), which is principally engaged in the provision of airport operation related services. During the Year, the Group recorded share of losses of associates of RMB0.8 million.

As at 31 December 2023, the Group investments in associates primarily represented by its interest in Ningbo Yinjiang. During the Previous Year, the Group recorded share of losses of associates of RMB1.6 million. As disclosed in the announcement of the Company dated 18 June 2020, the Group entered into an investment cooperation agreement dated 18 June 2020, pursuant to which the shareholders of Ningbo Yinjiang agreed to make capital contribution to Ningbo Yinjiang. The main purpose of setting up Ningbo Yinjiang was to capture the demand for local tourist attractions during the COVID-19 pandemic, given the travel restrictions and lockdown measures in place. The Group and the other shareholders of Ningbo Yinjiang believed that local travel would be a viable option during these challenging times and sought to explore business opportunities within the local tourism sector.

However, as the COVID-19 pandemic progressed and travel restrictions began to ease, it became evident that consumer preference had shifted towards outbound travel as international destinations reopened. Furthermore, Ningbo Yinjiang originally planned to acquire land use rights from the government for the development of local tourist attractions in Ningbo. As the land allocated by the government was designated for agricultural purposes, Ningbo Yinjiang was required to obtain governmental approval for a change in use to facilitate tourism development. Due to the lengthy process involving multiple levels of authority and the change in relevant government personnel in charge for the application, Ningbo Yinjiang was unable to complete the change of land use or acquire the land use rights from the government as planned. As the cooperation did not proceed as expected, the shareholders of Ningbo Yinjiang decided to discontinue the proposed development of tourist attractions and proceed with the deregistration of Ningbo Yinjiang, and the amount of capital contribution in the sum of RMB56 million made by the Group was returned to the Group during the Year. Ningbo Yinjiang did not commence business operations prior to its deregistration.

Having considered the investment in local tourism business has become less attractive after the COVID-19 pandemic and the relatively insignificant loss incurred on the investment in Ningbo Yinjiang, the Board was of the view that it would be in the best interest of the Company and its shareholders as a whole to discontinue the proposed development of local tourist attractions and proceed with the deregistration of Ningbo Yinjiang as it allows the Group to redirect the investment amount towards its core business operations. Upon completion of the deregistration, the Group recognised a loss from deregistration of Ningbo Yinjiang of approximately RMB1.2 million.

SIGNIFICANT INVESTMENT

As at 31 December 2024, the Group did not hold any significant investment, with a value of over 5% of the total assets of the Group. As at 31 December 2023, the Group held 19% equity interest in Ningbo Yinjiang, with carrying amount amounted to RMB56.0 million, representing approximately 9.8% of the total assets of the Group as at 31 December 2023. No dividend was received by the Group from Ningbo Yinjiang during the Year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR ADDITIONS OF CAPITAL ASSETS

In April 2024, Zhejiang Feiyang International Travel Group Co., Ltd. (浙江飛揚國際旅遊集團股份有限公司) (“**Feiyang International**”), a deemed indirect wholly-owned subsidiary of the Company, Anhui Civil Aviation Airport Group Co., Ltd.* (安徽民航機場集團有限公司) (“**Anhui Airport Group**”) and Huangshan Tourism Development Co., Ltd.* (黃山旅遊發展股份有限公司) (“**Huangshan Tourism Company**”) set up a joint venture company, Anhui Feiyang Aviation Operations Development Co., Ltd. (安徽飛揚航空運營發展有限公司) (“**Anhui Feiyang**”) in the PRC. The registered capital of Anhui Feiyang is RMB10 million, which is contributed as to 45%, 30% and 25% by Anhui Airport Group, Feiyang International and Huangshan Tourism Company, respectively. Anhui Feiyang is principally engaged in the provision of airport operation related services. It is expected that the joint venture cooperation would open up more flight routes and expand the aviation market, thereby effectively promoting the high-quality development of civil aviation in Huangshan City. For further details, please refer to the announcement of the Company dated 13 May 2024.

In August 2024, Ningbo Yinjiang, one of the associates of the Group, was deregistered. Please refer to “Management Discussion and Analysis — Investments in Associates” in this announcement for further details.

Save as disclosed in this announcement, as at 31 December 2024, there were no other significant investments, material acquisitions and disposals by the Company during the Year, nor there was any other future plans for material investments or additions of capital assets at the date of this announcement.

CAPITAL COMMITMENTS

As at 31 December 2024, the Group had capital commitments for machinery and acquisition for investment projects amounting to nil (2023: RMB8.2 million), and RMB45.7 million (2023: RMB44.9 million) respectively.

CONTINGENT LIABILITIES

As at 31 December 2024 and 2023, the Group did not have any significant contingent liabilities.

SUBSEQUENT EVENTS

On 10 October 2022 (after trading hours), Feiyang International, Ningbo Zhenhang, the Target Group, Liu Rong (劉榮) and Xia Guofeng (夏國峰) entered into an equity transfer agreement (the “**Original Agreement**”), pursuant to which the Feiyang International has conditionally agreed to purchase from the Ningbo Zhenhang, and the Ningbo Zhenhang has agreed to sell to the Feiyang International, 60% equity interest in Zhejiang Feijiada (the “**Sale Shares**”) at the consideration of RMB90,720,000. The transactions contemplated under the Original Agreement was completed on 15 October 2022. For further details of the acquisition of the Sale Shares under the Original Agreement, please refer to the Company’s announcements dated 10 October 2022 and 6 January 2023.

On 19 November 2024, Feiyang International and Ningbo Zhenhang, among others, entered into a conditional equity transfer agreement (the “**Termination Agreement**”), pursuant to which Feiyang International has conditionally agreed to sell, and Ningbo Zhenhang has conditionally agreed to purchase the Sale Shares at the consideration of RMB22,680,000.

Pursuant to the Original Agreement, Ningbo Zhenhang and the Target Group guarantee to Feiyang International that during the three years from 15 October 2022, 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. Moreover, the Group has the unilateral right to terminate the Original Agreement if the Target Group (i) fails to meet sustainable expectations; (ii) records net losses for two consecutive months; or (iii) fails to meet the Monthly Guarantee Profit for three times or more in a year. As the business performance of the Target Group 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. For further details, please refer to the announcements of the Company dated 19 November 2024 and 20 February 2025 and the circular of the Company dated 24 February 2025.

On 20 March 2025, the Company obtained the approval of the Shareholders at the extraordinary general meeting for the disposal of the Sale Shares (the “**Disposal**”), and all conditions precedent as set out under the Termination Agreement have been met.

The Disposal is expected to be completed by April 2025. Upon completion, the Group will cease to have any equity interest in Zhejiang Feijiada, and the Target Group will cease to be a subsidiary of the Company and its financial results including its profit or loss will no longer be consolidated into the financial statements of the Group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board and the management of the Group are committed to maintaining a high standard of corporate governance which is reviewed and strengthened from time to time. The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) and Corporate Governance Report contained in Appendix C1 to the Listing Rules. Except for the deviation from code provision C.2.1 of the CG Code, the Company's corporate governance practices have complied with the CG Code for the year ended 31 December 2024.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. He is the chairman and the chief executive officer of the Company. Since Mr. He has been operating and managing Feiyang International, the main operating subsidiary of the Company since its establishment and due to his familiarity with the operations of the Group, the Board is of the view that it is in the best interest of the Group to have Mr. He taking up both roles for effective management and business development of the Group following the Listing and Mr. He will provide a strong and consistent leadership to the Group. This arrangement ensures a more effective and efficient overall strategic planning of the Group as this structure enables the Company to make and implement decisions promptly and effectively. Further, the Company has put in place an appropriate check-and-balance mechanism through the Board and three independent non-executive Directors. The independent non-executive Directors are able to retain independence of character and judgment and are able to express their views without any constraint. In addition, the Board also consists of five other executive Directors who are familiar with the day-to-day business of the Company. The Company will consult the Board for any major decisions. Therefore, the Board considers that the balance of power and authority of the present arrangement with the Board and the independent non-executive Directors will not be impaired because such arrangement would not result in excessive concentration of power in one individual which could adversely affect the interest of minority Shareholders. As such, the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

DIRECTORS' AND EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the Year.

The Company has also adopted the Model Code as its written guidelines (the “**Employees Written Guidelines**”) in respect of securities dealings by relevant employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee has three members comprising three independent non-executive Directors, namely Ms. Zhao Caihong (Chairlady), Mr. Li Huamin and Ms. Yuan Shaoying. None of them is a member of the former or existing auditors of the Company. The Board considers that the Audit Committee has extensive commercial experience in business, financial and legal matters. The primary duties of the Audit Committee include, among other matters, to review and monitor financial reporting and the judgment contained therein; to review financial and internal controls, accounting policies and practices with management and external auditors; and to review the Company's compliance with the CG Code.

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and auditing, internal controls and financial reporting matters, and the Company's policies and practices on corporate governance. The Audit Committee has also reviewed and discussed with the management the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any) during the Year. The Company did not have any treasury shares as defined under the Listing Rules as at 31 December 2024.

ANNUAL GENERAL MEETING

A notice convening the annual general meeting will be published and dispatched in the manner as required by the Listing Rules in due course. Information regarding the record date and book close date to determine the entitlement of the shareholders to attend and vote at the annual general meeting will be announced in due course.

SCOPE OF WORK OF CCTH CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, CCTH CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2024. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCTH CPA Limited on the preliminary announcement.

EXTRACT OF THE AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's annual report for the Year:

“In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRSs issued by the HKICPA and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to note 3.1 to the consolidated financial statements that, the Group incurred net losses amounted to approximately RMB54,830,000 for the year ended 31 December 2024 and the Group's net current liabilities amounted to approximately RMB13,088,000 as at 31 December 2024. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. In light of all the measures and arrangements detailed in note 3.1 to the consolidated financial statements, the directors are of the opinion that the Group will be able to finance its future working capital and financial requirements. Our opinion is not modified in respect of this matter.”

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the Company's website at www.iflying.com and the website of the Stock Exchange at www.hkexnews.hk. The annual report of the Company for the Year containing all the information required under the Listing Rules will be published on the aforesaid websites of the Company and the Stock Exchange and will be despatched to the Company's shareholders in due course.

APPRECIATION

The Group's continued success depends on all its staff's commitment, dedication and professionalism. The Board would like to thank every member of staff for their diligence and dedication and to express its sincere appreciation to the Group's shareholders, clients and suppliers for their continuous and valuable support.

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

Ningbo, the PRC, 28 March 2025

* *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. 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.

Website: <http://www.iflying.com>