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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 2025**

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Revenue	783,092	715,868
Gross profit	50,574	48,490
Loss for the year	(30,552)	(54,830)

- Revenue increased by RMB67.2 million or 9.4% 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 increased by RMB2.1 million or 4.3% to RMB50.6 million for the Year.
- Net loss of RMB30.6 million was recorded for the Year (Previous Year: RMB54.8 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 2025 (the “**Year**”), together with the comparative figures for the year ended 31 December 2024 (the “**Previous Year**”).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2025

	<i>Notes</i>	2025 RMB’000	2024 <i>RMB’000</i>
REVENUE	5	783,092	715,868
Cost of sales		<u>(732,518)</u>	<u>(667,378)</u>
Gross profit		50,574	48,490
Other income and gains	5	25,335	34,975
Selling and distribution expenses		(32,090)	(28,250)
Administrative expenses		(27,026)	(39,758)
Impairment losses on financial assets recognised, net		(32,573)	(50,423)
Other expenses		(5,190)	(8,794)
Share of losses of associates		(387)	(756)
Share of losses of joint ventures		(6)	–
Finance costs	6	<u>(8,769)</u>	<u>(9,949)</u>
LOSS BEFORE INCOME TAX	7	(30,132)	(54,465)
Income tax expenses	8	<u>(420)</u>	<u>(365)</u>
LOSS FOR THE YEAR		<u>(30,552)</u>	<u>(54,830)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		5,473	29,404
Investment properties		6,548	6,591
Right-of-use assets		4,181	7,814
Intangible assets		520	1,598
Finance lease receivables		–	166
Advance payments for acquisition of property, plant and equipment		–	3,704
Investments in associates		1,295	1,076
Investments in joint ventures		450	464
Prepayments, deposits and other receivables	<i>12</i>	30,719	18,024
		49,186	68,841
CURRENT ASSETS			
Inventories		6,626	4,543
Trade receivables	<i>11</i>	64,049	88,648
Prepayments, deposits and other receivables	<i>12</i>	260,539	195,648
Finance lease receivables		–	38
Amounts due from related parties		5,792	8,490
Financial assets at fair value through profit or loss		369	340
Pledged deposits		33,242	3,042
Cash and cash equivalents		37,389	36,688
		408,006	337,437
CURRENT LIABILITIES			
Trade payables	<i>13</i>	30,052	33,816
Contract liabilities, other payables and accruals		150,494	107,704
Interest-bearing bank and other borrowings	<i>14</i>	218,915	197,460
Lease liabilities		3,054	4,543
Tax payables		6,194	7,002
		408,709	350,525
NET CURRENT LIABILITIES		(703)	(13,088)
TOTAL ASSETS LESS CURRENT LIABILITIES		48,483	55,753

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
NON-CURRENT LIABILITIES		
Lease liabilities	<u>2,176</u>	<u>4,701</u>
	<u>2,176</u>	<u>4,701</u>
NET ASSETS	<u><u>46,307</u></u>	<u><u>51,052</u></u>
EQUITY		
Share capital	8,660	7,145
Reserves	<u>35,809</u>	<u>51,491</u>
Equity attributable to owners of the Company	44,469	58,636
Non-controlling interests	<u>1,838</u>	<u>(7,584)</u>
TOTAL EQUITY	<u><u>46,307</u></u>	<u><u>51,052</u></u>

NOTES

For the year ended 31 December 2025

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 and (iv) the sales of health products.

In the opinion of the Directors, 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 (the "Stock Exchange") 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 HKFRS Accounting Standards as 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 ("Listing Rules") and by the disclosure requirements of Hong Kong Companies Ordinance.

Going concern basis

The Group incurred net losses amounted to approximately RMB30,552,000 for the year ended 31 December 2025 and the Group's net current liabilities amounted to approximately RMB703,000 as at 31 December 2025, the Directors 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 are of the opinion that, taking into account the above-mentioned 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 2025. The above conditions and the matters indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. 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.

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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue		
Revenue from contracts with customers		
Sales of package tours — Domestic	382,520	289,075
Gross revenue from the sales of FIT products	386,205	397,529
Margin income from sales of FIT products	7,093	6,999
Information system development services	868	671
Sales of ancillary travel-related products and services	5,048	5,166
Sales of health products	1,358	16,300
	<u>783,092</u>	<u>715,740</u>
Revenue from other sources		
Finance lease income	—	128
	<u>783,092</u>	<u>715,868</u>
Other income		
Bank interest income	526	642
Government grants (<i>note (2)</i>)	314	1,357
Rental income	400	400
Other interest income	328	172
Sundry income (<i>note (3)</i>)	7,645	2,131
Compensation income on profit guarantee arrangement (<i>note (4)</i>)	—	30,240
	<u>9,213</u>	<u>34,942</u>
Other gains		
Foreign exchange gains, net	2	28
Changes in fair value of investment properties	—	5
Fair value gains on unlisted fund investments	31	—
Fair value gains on listed equity securities	7	—
Gain on disposal on property, plant and equipment	15,748	—
Gain on lease termination	334	—
	<u>16,122</u>	<u>33</u>
Total other income and gains	<u>25,335</u>	<u>34,975</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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Timing of revenue recognition within the scope of HKFRS 15		
Over time:		
— Sales of package tours	382,520	289,075
— Information system development services	868	671
	<u>383,388</u>	<u>289,746</u>
At a point in time:		
— Gross revenue from the sales of FIT products	386,205	397,529
— Margin income from the sales of FIT products	7,093	6,999
— Sales of ancillary travel-related products and services	5,048	5,166
— Sales of health products	1,358	16,300
	<u>399,704</u>	<u>425,994</u>
	<u><u>783,092</u></u>	<u><u>715,740</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 RMB5,259,000 (2024: RMB826,000) 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 RMBNil (2024: RMB30,240,000).

6. FINANCE COSTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on bank loans and other loan	8,421	9,143
Interest on lease liabilities	348	524
Interest on bills payable	—	282
	<u>8,769</u>	<u>9,949</u>
Total interest expenses on financial liabilities not at fair value through profit or loss	<u><u>8,769</u></u>	<u><u>9,949</u></u>

7. LOSS BEFORE INCOME TAX

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

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of services provided	728,767	649,434
Depreciation of property, plant and equipment	4,498	11,155
Depreciation of right-of-use assets	3,145	5,127
Amortisation of intangible assets	1,054	1,051
Lease expenses relating to short-term leases	222	1,697
Auditor's remuneration		
— audit service	1,060	1,150
— non-audit service	150	150
Impairment of trade receivables recognised/(reversed)	17,284	(12,986)
Impairment of financial assets included in prepayments, deposits and other receivables recognised	15,289	57,829
Impairment of finance lease receivables recognised	–	5,580
Impairment loss of property, plant and equipment (<i>note (1)</i>)	–	172
Fair value (gain)/loss on unlisted fund investments (<i>note (1)</i>)	(31)	46
Fair value gain on listed equity securities (<i>note (1)</i>)	(7)	–
Realised loss on listed equity securities (<i>note (1)</i>)	–	247
Changes in fair value of investment properties	43	(5)
Written off of prepayments (<i>note (1)</i>)	–	3,414
(Gain)/loss on termination of lease (<i>note (1)</i>)	(334)	31
Loss on disposal of subsidiaries (<i>note (1)</i>)	4,236	–
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	25,570	28,065
Pension scheme contributions (<i>note (2)</i>)	1,960	3,386
Equity-settled share-based payments	2,314	633
Staff welfare expenses	2,879	1,514
	<u>32,723</u>	<u>33,598</u>

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 termination of leases, gains on fair value changes on unlisted fund investments and listed equity securities presented in other income and gains.
- (2) As at 31 December 2025, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2024: 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% (2024: 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 (2024: Nil).

During the Year, except for one subsidiary of the Group which was entitled to a preferential income tax rate of 20% (2024: 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% (2024: 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:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Under-provided in prior year — Mainland China	325	341
Deferred tax charged	95	24
	420	365

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:

	2025	2024
Loss for the purpose of basic loss per share		
Loss for the year attributable to owners of the Company (in RMB'000)	<u>(39,139)</u>	<u>(42,046)</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>890,354</u>	<u>832,000</u>
Basic loss per share (in RMB cent)	<u><u>(4.40)</u></u>	<u><u>(5.05)</u></u>

(b) Diluted loss per share

No diluted loss per share for the years ended 31 December 2025 and 31 December 2024 is presented as the effects arising from exercise of the Company's share options granted are anti-dilutive.

10. DIVIDENDS

The Directors do not recommend payment of a dividend in respect of the year ended 31 December 2025 (2024: Nil).

11. TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables, gross amount	147,283	155,796
Less: impairment losses recognised	<u>(83,234)</u>	<u>(67,148)</u>
	<u>64,049</u>	<u>88,648</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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
1 to 60 days	31,270	67,448
61 to 180 days	2,631	543
181 to 365 days	818	17,070
1 to 2 years	40,838	5,590
Over 2 years	<u>71,726</u>	<u>65,145</u>
	<u>147,283</u>	<u>155,796</u>

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Prepayments	<u>148,590</u>	<u>125,735</u>
Deposits and other receivables	267,651	224,757
Less: impairment losses recognised	<u>(124,983)</u>	<u>(136,820)</u>
	<u>142,668</u>	<u>87,937</u>
Total	<u>291,258</u>	<u>213,672</u>
Analysed for reporting as:		
Non-current assets	30,719	18,024
Current assets	<u>260,539</u>	<u>195,648</u>
	<u>291,258</u>	<u>213,672</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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
1 to 60 days	16,055	19,198
61 to 180 days	11,123	10,925
181 to 365 days	443	301
Over 1 year	2,431	3,392
	30,052	33,816

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	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current				
Bank loans — secured	2.30–6.80	2026	218,915	–
Bank loans — secured	3.00–6.80	2025	–	197,460
			218,915	197,460

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; and (v) the provision of information system development products and services.

The domestic tourism market sustained its strong recovery momentum. According to the Ministry of Culture and Tourism, the number of domestic tourist trips reached 6.52 billion in 2025, representing increase of 16.2% compared to 2024 and has surpassed the pre-pandemic level of 6.01 billion in 2019. Also, the aggregate traveler spending increased to RMB6.3 trillion, recorded 9.5% year-on-year growth. This demonstrated vitality of domestic tourism market and continuous expansion of the sector.

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 and 5-day Labour Day holiday in 2025 has resulted in approximately 501 million and 314 million domestic trips, representing a 5.9% and 6.4% increase year-on-year, and recorded the aggregate traveler spending of RMB677 billion and RMB180 billion, reflecting a 7.0% and 8.0% year-on-year growth respectively. Reflecting these positive developments, the sales of travel-related products and services of the Group has significantly increased from RMB698.8 million for the Previous Year to RMB780.9 million for the Year.

The sustained strength of domestic travel was further stimulated by national strategic initiatives and coordinated policy measures. During the 8 day Golden Week holiday, more than 29,000 cultural and tourism events were held nationwide, accompanied by distributing over RMB480 million in consumption subsidies. Domestic tourist trips reached 888 million, and total spending climbed to RMB809.01 billion, representing year-on-year increases of 16.1% and 15.4%, respectively. Reflecting these positive developments, the sales of package tours has significantly increased to RMB382.5 million for the Year (Previous Year: RMB289.1 million).

The Group recorded a net loss of RMB30.6 million and RMB54.8 million for the Year and the Previous Year, respectively. Despite the fact that the total revenue has increased from RMB715.9 million in the Previous Year to RMB783.1 million for the Year, the Group recorded a net loss mainly due to (i) administrative expense and impairment loss of RMB27.0 million and RMB32.6 million (Previous Year: RMB39.8 million and RMB50.4 million); (ii) the increase in selling and distribution expenses of approximately RMB3.8 million mainly attributable to the increase in staff costs as a result of the expansion of our business network nationwide; and (iii) decrease in gross profit from provision of information system development services and finance lease income during the Year.

PROSPECTS

China's "15th Five Year Plan" sets clear objectives for advancing China's development as a leading tourism nation, with a strong emphasis on enriching high quality tourism product supply, improving service standards, deepening culture tourism integration and enhancing the convenience and internationalization of inbound travel. These structural shifts are expected to reshape industry dynamics, supported by technological empowerment and the creation of new products, formats and consumption scenarios.

Against this backdrop, the Group has continued to refine its strategic positioning and strengthen its capabilities to capture the opportunities arising from this new development cycle. During the Year, the Group entered into several forward looking collaborations with leading institutions in media, cultural asset trading, blockchain technology and digital finance innovation. These include initiatives such as cooperation frameworks relating to the digitalisation of cultural and tourism assets, trendy collectible card applications, through blockchain related solutions, and “Shan He Universe Project” which focuses on cultural IP development. Collectively, these projects enhance the Group’s cultural tourism resource integration capabilities, expand digital tourism application scenarios and reinforce its long term competitiveness.

While these collaborations remain at various stages of development, they form an important foundation for the Group’s future transformation and growth, reflecting its commitment to pursuing new cultural tourism formats and technology enabled business opportunities.

As China further optimises visa free entry policies, enhances inbound travel convenience and promotes international cultural exchange, the Group expects to benefit from rising cross border tourism flows and the growing global demand for Chinese cultural tourism experiences. In parallel, the Group will continue to deepen its presence in the silver haired tourism segment, leveraging its accumulated experience to capture the long term potential of this expanding demographic market.

Looking ahead, the Group will continue to advance innovation, deepen cultural tourism integration and strengthen its digital capabilities, while maintaining a firm commitment to high quality customer service and exploring opportunities to expand its global tourism footprint. These efforts will enable the Group to align with national development priorities and capture emerging opportunities arising from favourable industry momentum, including the further optimisation of visa free entry policies, enhanced inbound travel convenience and the expansion of international cultural exchange.

Supported by an experienced management team, solid operational capabilities and a clear long term strategy, the Group believes it is well positioned to capture future opportunities, enhance its competitive advantages and deliver sustainable value to shareholders in the years ahead.

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			
	2025		2024	
	Revenue	Percentage	Revenue	Percentage
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Travel-related products and services				
(i) Gross revenue from sales of FIT products	386,205	49.3	397,529	55.5
(ii) Sales of package tours	382,520	48.8	289,075	40.4
(iii) Margin income from sales of FIT products	7,093	0.9	6,999	1.0
(iv) Sales of ancillary travel-related products and services	5,048	0.7	5,166	0.7
	780,866	99.7	698,769	97.6
Sales of health products	1,358	0.2	16,300	2.3
Information system development services	868	0.1	671	0.1
Finance lease income	–	–	128	–
Total	783,092	100.0	715,868	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; and (iii) provision of information system development services. The Group's customers primarily comprised retail, corporate and institutional customers.

The Group's total revenue increased by RMB67.2 million or 9.4% from RMB715.9 million for the Previous Year to RMB783.1 million for the Year, which was mainly attributable to increase in sales of the Group's package tours 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 RMB386.2 million (Previous Year: RMB397.5 million).

(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			
	2025		2024	
	Revenue	Percentage	Revenue	Percentage
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Traditional package tours	360,373	94.2	266,320	92.1
Tailor-made tours	22,147	5.8	22,755	7.9
Total	<u>382,520</u>	<u>100.0</u>	<u>289,075</u>	<u>100.0</u>

The sales of traditional package tours and tailor-made tours contributed 94.2% and 5.8% (Previous Year: 92.1% and 7.9%) of the Group's total sales of package tours for the Year, respectively. The Group's sales of package tours significantly increased by RMB93.4 million or 32.3% from RMB289.1 million for the Previous Year to RMB382.5 million for the Year.

The increase in sales from traditional package tours from RMB266.3 million for the Previous Year to RMB360.4 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 RMB22.8 million for Previous Year to RMB22.1 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 renders 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	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Margin income from sales of air tickets	6,498	6,308
Margin income from sales of other FIT products	595	691
Total	<u>7,093</u>	<u>6,999</u>

The Group's total margin income from sales of FIT products remained relatively stable from RMB7.0 million for the Previous Year to RMB7.1 million for 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 remained stable at RMB5.2 million for the Previous Year and RMB5.0 million for 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 decreased by RMB14.9 million or 91.7%, from RMB16.3 million for the Previous Year to RMB1.4 million for the Year, which was mainly driven by the strategic shift towards provision of travel-related products and services, supported by the recovery of the tourism sector.

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 RMB0.9 million for the Year (Previous Year: RMB0.7 million).

Finance lease income

In 2023, the Group launched its new business segment for rental of computing power machines and hardware equipment. No revenue was generated from finance lease income for the Year (Previous Year: RMB0.1 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 by RMB65.1 million or 9.8% from RMB667.4 million for the Previous Year to RMB732.5 million for the Year. Such increase was in line with increase in the Group's total revenue for the year, as a result of the recovery of the tourism industry in the PRC.

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			
	2025		2024	
	Gross profit/ (loss) RMB'000	Gross profit/ margin/ (loss) %	Gross profit/ (loss) RMB'000	Gross profit margin %
Travel-related products and services				
(i) Gross revenue from sales of FIT products	(4,482)	(1.2)	(1,918)	(0.5)
(ii) Package tours				
— Traditional	43,000	11.9	37,667	14.1
— Tailor-made	2,013	9.1	2,103	9.2
	<u>45,013</u>	<u>11.8</u>	<u>39,770</u>	<u>13.8</u>
(iii) Margin income from sales of FIT Products	6,520	91.9	6,317	90.3
(iv) Ancillary travel-related products and services	3,343	66.2	1,119	21.7
	<u>50,394</u>	<u>6.5</u>	<u>45,288</u>	<u>6.5</u>
Sales of health products	137	10.1	2,449	15.0
Information system development services	43	5.0	625	93.1
Finance lease income	—	—	128	100.0
Total	<u>50,574</u>	<u>6.5</u>	<u>48,490</u>	<u>6.8</u>

The Group recorded gross profit of RMB50.6 million and RMB48.5 million, representing gross profit margin of 6.5% and 6.8% for the Year and the Previous Year, respectively. The increase in the overall gross profit was mainly due to increase in gross profits from (i) package tours by RMB5.2 million to RMB45.0 million during the Year (Previous Year: RMB39.8 million); and (ii) sales of ancillary travel-related products and services by RMB2.2 million; but the effects of which were offset by decrease in gross profit generated from sales of health products by RMB2.3 million.

The overall gross profit margin decreased by 0.3 percentage points from 6.8% for the Previous Year to 6.5% 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 decreased from 13.8% for the Previous Year to 11.8% for the Year. The Group recorded gross loss margin of 1.2% from sales of FIT Products on a gross basis during the Year (Previous Year: gross loss margin: 0.5%) 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 15.0% for the Previous Year to 10.1% 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 RMB9.7 million from RMB35.0 million for the Previous Year to RMB25.3 million for the Year mainly due to the absence of recognition of compensation income on profit guarantee arrangement during the Year (Previous Year: RMB30.2 million) 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. Such decrease was partially offset by recognition of gain on disposal on property, plant and equipment amounted to RMB15.7 million during the Year (Previous Year: nil).

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 RMB3.8 million or 13.4% from RMB28.3 million for the Previous Year to RMB32.1 million for the Year mainly attributable to the increase in staff costs by RMB2.0 million as a result of the increase in headcount due to the expansion of our business network 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 RMB12.8 million or 32.2% from RMB39.8 million for the Previous Year to RMB27.0 million for the Year, which was mainly due to (i) decrease in depreciation expense by RMB5.8 million as a result of disposal of property, plant and equipment; and (ii) decrease in depreciation charge of right-of-use assets by RMB2.0 million during the Year.

Impairment losses on financial assets, net

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

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Trade receivables impairment provision/ (provision reversed)	17,284	(12,986)
Prepayments, deposits and other receivables recognised	15,289	57,829
Finance lease receivables	–	5,580
	<hr/>	<hr/>
Total	<u>32,573</u>	<u>50,423</u>

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 refund from suppliers, deposits and other receivables are estimated by applying general 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 HKFRS Accounting Standards; 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 on investment in listed equity securities and unlisted fund investments; (ii) impairment loss of property, plant and equipment; (iii) written off of prepayments; and (iv) loss on disposal on associates and subsidiaries.

Other expense decreased by RMB3.6 million from RMB8.8 million for Previous Year to RMB5.2 million for the Year mainly due to recognition of loss on disposal of subsidiaries of RMB4.2 million during the Year (Previous Year: nil). Please refer to the section headed "Disposal of subsidiaries" in this announcement for further details. Such increase was partially offset by the absence of written off of prepayments of RMB3.4 million during the Year, which was non-recurring in nature.

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 RMB1.1 million from RMB9.9 million for the Previous Year to RMB8.8 million for the Year was mainly due to the decrease in effective interest rate during the Year.

Income tax expense

Income tax expenses remained relatively stable at RMB0.4 million for the Year and Previous Year.

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 RMB39.1 million (Previous Year: RMB42.0 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	
	2025	2024
	RMB'000	RMB'000
Non-current:		
Prepayments	13,979	16,871
Deposits and other receivables	16,740	1,153
	<u>30,719</u>	<u>18,024</u>
Current:		
Prepayments	134,611	108,864
Deposit and other receivables, net	125,928	86,784
	<u>260,539</u>	<u>195,648</u>
Total	<u>291,258</u>	<u>213,672</u>

The prepayments, deposits and other receivables increased by RMB77.6 million from RMB213.7 million as at 31 December 2024 to RMB291.3 million as at 31 December 2025, which was primarily attributable to the increase in prepayment for procurement of travel-related products and services as a result of recovery of the tourism industry in the PRC during the Year.

Prepayments

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Non-current		
Investment projects	9,321	9,556
Wine	4,658	7,315
	13,979	16,871
Current		
Travel-related products and services		
— Air tickets	50,564	50,202
— Hotel accommodation, meal and tour guide	40,407	36,769
— Land and cruise operators	32,291	4,935
— Train ticket	1,654	1,559
— Others	110	—
	125,026	93,465
Investment projects	—	8,334
Health products and wine	3,981	2,226
Research and development expenses	2,826	2,952
Others	2,778	1,887
	134,611	108,864
	148,590	125,735

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; and (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.

The increase in prepayments by RMB22.9 million from RMB125.7 million as at 31 December 2024 to RMB148.6 million as at 31 December 2025 was mainly due to increase in procurement of package tours related expense by RMB31.6 million as a result of increase in demand for package tours, which partially offset by decrease in investment projects by RMB8.3 million.

Deposits and other receivables, net

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Non-current		
Other receivables for property, plant and equipment	6,910	1,153
Other receivables for investment project	5,190	–
Other receivables for beauty apparatus	2,981	–
Deposits for health products	1,659	–
	<u>16,740</u>	<u>1,153</u>
Current		
Deposits — procurement of air tickets	48,736	34,621
Deposits — others	14,044	8,812
Commission receivables	–	2,960
Refund from suppliers in relation to contract dispute	5,990	731
Other receivables for property, plant and equipment	27,643	9,011
Other receivables	29,515	30,649
	<u>125,928</u>	<u>86,784</u>
	<u>142,668</u>	<u>87,937</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 increase in deposits and other receivables, net by RMB54.8 million from RMB87.9 million as at 31 December 2024 to RMB142.7 million as at 31 December 2025 was primarily due to (i) increase in deposit for procurement of air tickets of RMB14.1 million as the Group's majority sales of FIT Products were on gross basis during the Year; (ii) the increase in refund from suppliers in relation to contract dispute by RMB5.3 million; (iii) increase in other receivables for investment project, beauty apparatus and health products by total of RMB9.8 million; and (iv) increase in receivables from disposal of property, plant, and equipment by RMB24.4 million in relation to computer equipments.

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 RMB32.6 million (Previous Year: RMB50.4 million) was recognised for the Year. The increase of provision for impairment loss during the Year 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 2025, the Group’s current assets and current liabilities were RMB408.0 million and RMB408.7 million (31 December 2024: RMB337.4 million and RMB350.5 million), respectively, of which the Group maintained cash and bank balances of RMB37.4 million (31 December 2024: RMB36.7 million) and pledged short-term deposits of RMB33.2 million (31 December 2024: RMB3.0 million). As at 31 December 2025, the Group’s current ratio was 1.0 times (31 December 2024: 1.0 times).

As at 31 December 2025, 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><u>218,915</u></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 2025 and 2024 were as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank and other borrowings	218,915	197,460
Lease liabilities	5,230	9,244
Trade payables	30,052	33,816
Contract liabilities, other payables and accruals	150,494	107,704
Less: Cash and cash equivalents	(37,389)	(36,688)
Pledged deposits	(33,242)	(3,042)
	<hr/>	<hr/>
Net debt	334,060	308,494
	<hr/>	<hr/>
Equity attributable to the owners of the Company	44,469	58,636
	<hr/>	<hr/>
Total capital and net debt	378,529	367,130
	<hr/>	<hr/>
Gearing ratio	88%	84%
	<hr/> <hr/>	<hr/> <hr/>

The average turnover days of trade receivables for the Year decreased to 35.6 days (Previous Year: 74.1 days) as the Group collected the trade receivable balance more quickly. The average turnover days of trade payables for the Year decreased to 15.9 days (Previous Year: 47.6 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 2025, 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

Save for the share subscription as disclosed in the section headed "Fund Raising Activities" in this announcement, 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 2025 and 2024, 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 2025 (2024: RMB6.6 million);
- (ii) the pledge of certain of the Group's trade receivables amounting to Nil as at 31 December 2025 (2024: RMB3.5 million); and
- (iii) pledged bank deposits amounted to RMB33.0 million (2024: Nil).

During the Year, the Controlling Shareholders had jointly guaranteed certain of the Group's banking facilities of up to RMB202.4 million (2024: RMB207.5 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 RMB3.0 million as at 31 December 2025 (2024: RMB49.0 million).

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2025, the total number of employees of the Group was 283 (31 December 2024: 274). Staff costs (including Directors' emoluments) amounted to RMB34.2 million for the Year (Previous Year: RMB34.8 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 2025, the Group's investment properties amounted to RMB6.5 million (2024: RMB6.6 million) and were revalued based on valuations performed by an independent professionally qualified valuer.

INVESTMENT IN ASSOCIATES

As at 31 December 2025, the Group's investments in associates primarily represented by its interests in (i) Feiyou Travel Card (Zhejiang) Cultural Technology Co., Ltd.* (飛遊旅卡(浙江)文化科技有限公司) (“**Feiyou Travel Card**”), and (ii) Anhui Feiyang Aviation Operations Development Co., Ltd* (安徽飛揚航空運營發展有限公司).

As at 31 December 2024, the Group's investments in associates also included its interests in Xinjiang Culture and Tourism Tianhe Aviation Services Co., Ltd* (新疆文旅天和航空服務有限公司) (“**XJ Culture & Tourism**”), which is principally engaged in the provision of travel related services in Xinjiang, the PRC.

During the Year, the Group disposed the entire equity interest in XJ Culture & Tourism, which ceased to be an associate of the Company since then. During the Year, the Group recorded share of losses of associates of RMB0.4 million (Previous Year: RMB0.8 million).

DISPOSAL OF SUBSIDIARIES

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 Feiyang International acquired 60% equity interest in Zhejiang Feijiada (the “**Sale Shares**”) from Ningbo Zhenhang 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.

Pursuant to the Original Agreement, Ningbo Zhenhang and the Target Group guaranteed 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, Feiyang International and Ningbo Zhenhang, among others, entered into a conditional equity transfer agreement on 19 November 2024 (the “**Termination Agreement**”). Pursuant to the Termination Agreement, Feiyang International has conditionally agreed to sell, and Ningbo Zhenhang has conditionally agreed to purchase the Sale Shares as the consideration of RMB22,680,000, and Feiyang International shall return RMB22,680,000 to Zhejiang Feijiada, being the total amount of dividend distributed by Zhejiang Feijiada to Feiyang International.

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 was completed on 2 April 2025. As a result of the completion of the Disposal, the Group has ceased to have any equity interest in Zhejiang Feijiada, and Zhejiang Feijiada has ceased to be a subsidiary of the Company and its financial results including its profit or loss has not been consolidated into the financial statements of the Group. As the amount of the consideration equals to the amount of dividend required to be returned to the Target Company pursuant to the Termination Agreement, no net proceeds were generated from the Disposal. Loss of disposal subsidiaries of RMB4.2 million was recognised during the Year.

SIGNIFICANT INVESTMENT

As at 31 December 2025 and 2024, the Group did not hold any significant investment, with a value of over 5% of the total assets of the Group.

FUND RAISING ACTIVITIES AND USE OF PROCEEDS

On 29 July 2025, the Company entered into separate subscription agreements (the “**Subscription Agreements**”) with six subscribers (the “**Subscribers**”), namely Luo Honglin, Yang Dongsheng, Gu Shiyi, Gao Li, Li Jieming and Ruan Yuehua, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 166,400,000 new shares (“**Subscription Share(s)**”), at the subscription price of approximately HK\$0.201 per Subscription Share (the “**Subscriptions**”), which represents: (i) a discount of approximately 19.6% over the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements; (ii) a discount of approximately 17.3% over the average closing price of approximately HK\$0.243 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Subscription Agreements; and (iii) a discount of approximately 16.3% over the average closing price of approximately HK\$0.240 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Subscription Agreements. On 25 August 2025, the Subscription Shares were allotted and issued pursuant to the general mandate granted to the Directors by the Shareholders pursuant to the resolutions in writing passed on 30 June 2025 to allot, issue or deal with up to 20% of the total number of Shares as at the date of the annual general meeting of the Company dated 30 June 2025. The Directors consider that the Subscriptions can strengthen the financial position and broaden the capital base of the Company, which provide extra funding to the Group to pursue future business development opportunities.

The gross proceeds and net proceeds from the issue of the Subscription Shares are approximately HK\$33.4 million and HK\$32.8 million, respectively. The net issue price is approximately HK\$0.197 per Subscription Share.

The planned use of proceeds as stated in the announcement of the Company dated 29 July 2025, the actual use of proceeds during the Year and the unutilised amount as at 31 December 2025 are set out as below:

Intended use of proceeds stated in the announcement	Planned use of proceeds as stated in the announcement <i>HK\$'000</i>	Percentage of net proceeds	Actual use of proceeds during the Year <i>HK\$'000</i>	Unutilised amount as at 31 December 2025 <i>HK\$'000</i>	Expected timeline for utilising the unutilised proceeds
Development and operation of the digital asset business	16,400	50%	12,909	3,491	June 2026
General working capital	16,400	50%	16,400	–	Fully utilised
	<u>32,800</u>	<u>100%</u>	<u>29,309</u>	<u>3,491</u>	

For further details, please refer to the announcements of the Company dated 29 July 2025, 12 August 2025 and 25 August 2025.

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

On 9 September 2025, Feiyang Traveler Travel Industry Co., Ltd.* (飛揚旅行家旅業有限公司) (“**Feiyang Traveler**”), a wholly-owned subsidiary of the Company, entered into a memorandum of cooperation with Conflux Hong Kong Management Limited (“**Conflux**”) regarding the potential cooperation in the field of digitalisation of global cultural tourism assets, including but not limited to (i) jointly establish Conflux blockchain based digital platform for cultural tourism assets, facilitating the on-chain registration and rights confirmation of assets such as scenic area operating rights and hotel property interests; (ii) introduce compliant stablecoins as payment and settlement tools within cultural tourism transaction scenarios, and jointly build a regulatory compliance framework; and (iii) leverage the resources of Feiyang Traveler and Conflux to promote cultural tourism digital assets and blockchain application achievements in the international market. Up to the date of this announcement, no formal agreement has been entered into as the parties are still under negotiations. For further details, please refer to the announcement of the Company dated 9 September 2025.

On 8 December 2025, Zhejiang Feiyang Shulian Technology Co., Ltd. (“**Feiyang Shulian**”), a wholly-owned subsidiary of the Group, entered into a strategic cooperation agreement with Beijing Zhongqing Online Network Information Technology Co., Ltd. (北京中青在線網絡信息技術有限公司) (“**Beijing Zhongqing**”), a wholly owned subsidiary of China Youth Daily, where the Project will be executed end-to-end by Feiyou Travel Card (Zhejiang) Culture Technology Co., Ltd. (飛遊旅卡(浙江)文化科技有限公司) (“**Feiyou Travel Card**”). Feiyou Travel Card is principally engaged in the end-to-end execution of Shan He Universe Project, which positioned as a public co-creation initiative centered on the “Shan He” (mountains and rivers) IP, integrating cultural heritage, trendy collectibles, cultural innovation, and digital advancement. By combining tangible cultural products with digital rights, it aims to deliver immersive cultural experiences. The initiative seeks to establish an open and multi-dimensional IP ecosystem co-development framework, encompassing a wide range of cultural and tourism elements while encouraging global participation and targeting worldwide market for distribution. For further details, please refer to the announcement of the Company dated 8 December 2025.

Save as disclosed in this announcement, as at 31 December 2025, the Group had no other material acquisition and disposal of subsidiaries, associates and joint ventures, and future plans for material investments or addition of capital assets.

CAPITAL COMMITMENTS

As at 31 December 2025, the Group had no capital commitment for machinery (2024: nil), and the capital commitments for acquisition for investment projects amounting to RMB44.6 million (2024: RMB45.7 million) respectively.

CONTINGENT LIABILITIES

As at 31 December 2025 and 2024, the Group did not have any significant contingent liabilities.

SUBSEQUENT EVENTS

Save as disclosed in this announcement, as at 31 December 2025, the Group did not have any significant subsequent event.

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 2025.

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 joint 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 for Securities Transactions by Directors of Listed Issuers (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 2025.

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 2025.

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 2025 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 2025. 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 consolidated financial statements 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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**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 RMB30,552,000 for the year ended 31 December 2025 and the Group's net current liabilities amounted to approximately RMB703,000 as at 31 December 2025. These conditions along with the matters set forth in note 3.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. 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, 30 March 2026

* *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. Li Jieming, Mr. Xiong Di, Mr. Huang Yu, Mr. Yan Haiguo, and Ms. Chen Huiling as executive Directors; and Mr. Li Huamin, Ms. Zhao Caihong and Ms. Yuan Shaoying as independent non-executive Directors.

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