

IPO FACT SHEET

Feiyang International Holdings Group Limited (1901)

ISSUE STATISTICS

Offer Size:	HK\$125.0m – HK\$137.5m
Placement Tranche:	125m
Price:	HK\$1.00 - HK\$1.10
Board lot:	2,000
Entry fee:	HK\$2,222.17
Historical PE	18.68x – 20.55x
Net tangible asset per share:	HK\$0.36 – HK\$0.38
Market Cap (post-IPO):	HK\$500m - HK\$550m
Open:	18 June 2019
Close:	12.00 noon on 21 June 2019
Trading:	28 Jun 2019
Sponsor:	Giraffe Capital Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	464,844	13.3%
2018	492,851	6.0%
Profit for the year		
2017	29,947	66.2%
2018	23,496	-21.5%

BACKGROUND

- They are a well-established travel service provider based in Ningbo, Zhejiang Province of the PRC.
- According to the F&S Report, they ranked fifth among all travel agencies in Zhejiang Province with a market share of 0.9% in terms of revenue in 2017.
- They principally engage in (i) the design, development and sales of package tours which consist of traditional package tours and tailor-made tours; (ii) the sales of FIT Products which mainly include provision of air tickets and/or hotel accommodation; and (iii) the provision of ancillary travel-related products and services, including but not limited to visa application processing, admission tickets to tourist attractions, conferencing services and arranging purchase of travel insurance for their customers.
- For the year ended 31 December 2016, 2017 and 2018, their sales of package tours accounted for approximately 90.8%, 87.6% and 85.3% of their total revenue, respectively, whilst their sales of FIT Products accounted for approximately 5.1%, 9.0% and 12.1% of their total revenue, respectively for the corresponding period.
- They have established their tourism square with an operating area of more than 5,700 square meters and a spacious auditorium, which serves as their headquarters in Ningbo, Zhejiang Province and their venue for hosting promotion events and pre-tour briefing sessions to their customers.
- They ranked top 50 nationwide in 2015 according to the Ranking of Top 100 National Travel Agency published by China National Tourism Administration (國家旅遊局), and they ranked fourth in 2016 based on the Ranking of Top 10 Zhejiang Province Travel Agency published by Zhejiang Provincial Tourism Association (浙江省旅遊協會).
- They have also received the “First Prize of Ningbo Enterprise Management Modernisation Innovation Award” (寧波市企業管理現代化創新成果一等獎) from Ningbo Association for Commerce (寧波市企業聯合會), Ningbo Entrepreneur Association (寧波市企業家協會) and Ningbo Industrial and Economic Association (寧波市工業經濟聯合會) in 2013 in recognition of their “4+T” service system. See “Business – Awards” for other major awards received by them.

BUSINESS STRATEGIES

- Increase their market share and strengthen their sales by expanding and improving their sales channel and recruitment of relevant experienced and quality personnel for the operation of their new points of sales.
- To strengthen their ability to collectively procure upstream resources through cooperation and collaboration with other travel service

providers.

- Upgrade their information technology system and continue to focus on operational efficiency.
- Enhance their brand recognition and awareness.
- Continue to attract, motivate and retain experienced and quality staff.

COMPETITIVE STRENGTHS

- They are one of the leading integrated “one-stop-shop” travel service provider in Zhejiang Province, PRC.
- They provide professional, quality and personalised services by multiple means which meet their customers’ needs.
- They have diversified product offerings to cater for different customers’ needs.
- Their in-depth technical know-how and information technology capabilities served as a backbone for future growth of their FIT Products.
- They have an experienced and dedicated management team with proven track record of leadership and execution.

KEY RISKS

- Their Group derives their revenue from customers in the PRC and any downturn in the PRC economy could have a material adverse effect on their business and operating results.
- Natural disasters, acts or threats of terrorism, wars, travel-related accidents, outbreak of contagious diseases or other catastrophic events which affect consumer demand for travel products and services or a general apprehension of such events may significantly and adversely impact on their business and operating results.
- Any material adverse change in the economic, political or social conditions relating to their destination countries or any deterioration of diplomatic relationships between the PRC and those countries may materially and adversely affect their business and operating results.
- They face increased market competition from competing travel agents, hotel/flight providers, online sales platforms and alternative travel booking media.
- The non-performance or sub-standard performance of their products and services, or any unsatisfactory performance or misconduct by the third-party land operators engaged to provide services for their package tours, may result in complaints from or claims by customers and their business and operating results may be materially and adversely affected if they fail to deal with customer complaints or negative media publicity.
- The PRC government may determine that the Contractual Arrangements are not in compliance with applicable PRC laws, rules, regulations or policies and may take actions against them or their operation.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
To increase their market share and strengthen their sales by expanding and improving their sales channel.	17.5	20.0%
To increase their deposits and prepayments to their air ticket suppliers in exchange for sufficient ticketing authority, the assignment of electronic ticket numbers and/or better terms and policies for air ticket.	30.7	35.0%
To upgrade their information technology system	8.8	10.0%
To enhance their brand recognition and awareness by increasing their marketing effort in traditional media such as placing of advertisements on newspaper and television and new media.	8.8	10.0%
To optimise the Group’s capital structure and improve the Group’s liquidity profile by repaying part of their bank borrowings.	13.1	15.0%
Will be used for general working capital.	8.8	10.0%
Total:	87.7	100.0%

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