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东胜智慧城市服务

ORIENT VICTORY SMART URBAN SERVICES

ORIENT VICTORY SMART URBAN SERVICES HOLDING LIMITED

東勝智慧城市服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 265)

CONTINUING CONNECTED TRANSACTIONS REVISION OF ANNUAL CAP

Reference is made to the Company's announcements dated 24 September 2021 and 30 September 2021 in relation to continuing connected transactions involving the provision of the Services under the Renewed Service Agreement.

As recently announced by the Government, inbound persons from overseas places or Taiwan are only subject to compulsory quarantine in DQHs for three days, followed by medical surveillance at home for four days and as such, it is foreseeable by the Company that demand of the Services will be increased considerably. To cope with the increasing demand of the Services, the Board has resolved to revise the Original Annual Cap for the period from 1 January 2022 to 3 September 2022, while all the terms of the Renewed Service Agreement remain unchanged.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Four Seas (a non-wholly owned subsidiary of the Company) is owned as to 35% by Four Seas BVI and HK Four Seas is a wholly-owned subsidiary of Four Seas BVI. Therefore, HK Four Seas is a connected person of the Company at the subsidiary level.

Pursuant to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the requirements under Chapter 14A of the Listing Rules applicable to the respective annual caps for the continuing connected transactions under the Renewed Service Agreement before such caps are exceeded.

As (i) the highest applicable Percentage Ratio of the Revised Annual Cap is more than 5% and less than 25%; (ii) HK Four Seas is a connected person of the Company at the subsidiary level; and (iii) the Board (including all the independent non-executive Directors) has approved the continuing connected transactions and confirmed that the terms of the continuing connected transactions are fair and reasonable and that the continuing connected transactions are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, according to Rule 14A.101 of the Listing Rules, the Revised Annual Cap is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and shareholders' approval requirements.

INTRODUCTION

Reference is made to the Company's announcements dated 24 September 2021 and 30 September 2021 in relation to continuing connected transactions involving the provision of the Services under the Renewed Service Agreement.

As recently announced by the Government, inbound persons from overseas places or Taiwan are only subject to compulsory quarantine in DQHs for three days, followed by medical surveillance at home for four days and as such, it is foreseeable by the Company that demand of the Services will be increased considerably. To cope with the increasing demand of the Services, the Board has resolved to revise the Original Annual Cap for the period from 1 January 2022 to 3 September 2022, while all the terms of the Renewed Service Agreement remain unchanged.

HISTORICAL TRANSACTION AMOUNTS AND ANNUAL CAPS

The following sets forth the historical transaction amounts under the Renewed Service Agreement, the Original Annual Cap and the Revised Annual Cap:

	Historical amount (from 4 September 2021 to 31 December 2021) <i>(approximately)</i> <i>HK\$ million</i>	Historical amount (from 1 January 2022 to 31 July 2022) <i>(approximately)</i> <i>HK\$ million</i>	Original Annual Cap amount for the period from 1 January 2022 to 3 September 2022 <i>HK\$ million</i>	Revised Annual Cap amount for the period from 1 January 2022 to 3 September 2022 <i>HK\$ million</i>
Service Fee	0.08	0.14	0.16	0.16
Ticket and Agency Fees	5.02	22.30	26.42	31.50

The Revised Annual Cap was determined based on the fact that a growth of approximately 50% in ticket and agency fees (as compared with March 2022) was seen in April 2022 when the quarantine in DQHs eased from 14 days to 7 days. As such, it is expected by the Board that ticket and agency fees would be increased by 50% (as compared with July 2022) in August 2022 and up to 3 September 2022 (the expiry date of the Renewed Service Agreement).

REASONS FOR AND BENEFITS OF THE REVISED ANNUAL CAP

HK Fours Seas has been providing the Services to Four Seas since September 2014. Since the COVID-19 pandemic, inbound persons have been subject to compulsory quarantine, which has diminished the travel sentiment of Hong Kong residents as well as repelled visitors travelling to Hong Kong.

As recently announced by the Government, inbound persons from overseas places or Taiwan are only subject to compulsory quarantine in DQHs for three days, followed by medical surveillance at home for four days, which has elevated the desirous of outbound travelling. It is foreseeable by the Company that demand of the Services will be increased considerably and accordingly, the Board has resolved to revise the Original Annual Cap for the period from 1 January 2022 to 3 September 2022 in order to cope with the possible increase in demand of the Services.

The Directors (including the independent non-executive Directors are of the opinion that:

- (i) the terms of the Renewed Service Agreement are on normal commercial terms which are fair and reasonable;
- (ii) the Revised Annual Cap is fair and reasonable; and
- (iii) the continuing connected transactions contemplated under the Renewed Service Agreement will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE COMPANY, FOUR SEAS, HK FOUR SEAS AND FOUR SEAS BVI

The Company is an investment holding company and its subsidiaries are principally engaged in the property management and leasing services businesses for residential and commercial properties, the environmental hygiene businesses, the integrated development businesses and the diversified tourism products and services businesses.

Four Seas is a company incorporated under the laws of Hong Kong with limited liability and is a non-wholly-owned subsidiary of the Company principally engaged in sale of air tickets and other travel-related services for corporate clients. As at the date of this announcement, the issued share capital of Four Seas is owned as to 65% by the Group and 35% by Four Seas BVI.

HK Four Seas is a company incorporated under the laws of Hong Kong with limited liability and is principally engaged in sale of air tickets and other travel-related services principally provided to travel agents and corporate clients. As at the date of this announcement, HK Four Seas is a wholly-owned subsidiary of Four Seas BVI.

Four Seas BVI is an investment holding company ultimately wholly-owned by Mr. Ng Hung Sang, who is the chairman of South China Holdings Company Limited (listed on the Stock Exchange with stock code 413) and South China Financial Holdings Limited (listed on the Stock Exchange with stock code 619).

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Four Seas (a non-wholly owned subsidiary of the Company) is owned as to 35% by Four Seas BVI and HK Four Seas is a wholly-owned subsidiary of Four Seas BVI. Therefore, HK Four Seas is a connected person of the Company at the subsidiary level.

Pursuant to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the requirements under Chapter 14A of the Listing Rules applicable to the respective annual caps for the continuing connected transactions under the Renewed Service Agreement before such caps are exceeded.

As (i) the highest applicable Percentage Ratio of the Revised Annual Cap is more than 5% and less than 25%; (ii) HK Four Seas is a connected person of the Company at the subsidiary level; and (iii) the Board (including all the independent non-executive Directors) has approved the continuing connected transactions and confirmed that the terms of the continuing connected transactions are fair and reasonable and that the continuing connected transactions are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, according to Rule 14A.101 of the Listing Rules, the Revised Annual Cap is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and shareholders' approval requirements.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms/expressions have the following respective meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Orient Victory Smart Urban Services Holding Limited (東勝智慧城市服務控股有限公司) (formerly known as Orient Victory Travel group Company Limited (東勝旅遊集團有限公司)), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“DQHs”	designated quarantine hotels
“Four Seas”	Four Seas Tours Limited (四海旅行社有限公司), a company incorporated in Hong Kong with limited liability which is owned as to 65% and 35% by the Group and Four Seas BVI respectively as at the date of this announcement
“Four Seas BVI”	Four Seas Travel (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and a connected person of the Company at the subsidiary level
“Government”	the government of Hong Kong
“Group”	the Company and its subsidiaries

“HK Four Seas”	Hong Kong Four Seas Tours Limited (香港四海旅行社有限公司), a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of Four Seas BVI and a connected person of the Company at the subsidiary level
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Annual Cap”	the annual cap for the period from 1 January 2022 to 3 September 2022 in respect of the fees payable by Four Seas to HK Four Seas for the provision of the Services under the Renewed Service Agreement as disclosed in the Company’s announcement dated 24 September 2021
“Percentage Ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Renewed Service Agreement”	the service agreement dated 24 September 2021 entered into between Four Seas and HK Four Seas
“Revised Annual Cap”	the revised annual cap to the Original Annual Cap in the sum of HK\$31.66 million
“Services”	services to be provided by HK Four Seas to Four Seas pursuant to the Renewed Service Agreement which include sale of air tickets and other travel-related services
“Share(s)”	ordinary share(s) of HK\$0.005 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By order of the Board
Orient Victory Smart Urban Services Holding Limited
Shi Baodong
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 18 August 2022

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Shi Baodong, Mr. Zhao Huining and Mr. Mo Yueming, one non-executive Director, being Ms. Chang Meiqi, and three independent non-executive Directors, being Mr. Dong Xiaojie, Mr. He Qi and Mr. Swei Feng-jih.